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JANUARY 25, 2021 ₹75

INDIA TODAY

BUDGET 2021

NOW SPEND BIG

TOP EXPERTS WANT THE MODI GOVERNMENT TO PROVIDE A HUGE FISCAL STIMULUS TO LIFT THE ECONOMY OUT OF THE RECESSIONARY RUT

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FROM THE
EDITOR-IN-CHIEF

Finance minister Nirmala Sitharaman recently promised to present a 'never before' Union budget. While we have to wait until February 1 to find out if she indeed does so, we know that the circumstances this budget is arriving in are truly never-before and not seen in the past four decades. There have been only four instances when budgets have been presented in times of negative growth—1958-59, 1966-67, 1973-74 and 1980-81.

When the finance minister presented her previous budget on February 1, 2020, India's economy had already been decelerating, growing at just 4.1 per cent. This year, the double whammy of Covid-19 and the nationwide lockdown means the economy is projected to contract by 7.7 per cent.

The Union budget, which lists the government's spending priorities in the financial year, will be more closely watched than in preceding years because it will, hopefully, chart the way for us to climb out of the deep chasm we are in and get back to where we were before the pandemic.

Given these unusual circumstances, we advanced our usual post-budget coverage to make sense of the high expectations. Budget 2021-22 arrives at a time of great constraints. Revenues are down, expenditure is rising. Three growth engines—private consumption, private expenditure and exports—are sputtering. The fourth and only functional engine, government expenditure, has been pumping hard. The government has already announced a stimulus of Rs 29.87 lakh crore, amounting to 15 per cent of India's GDP, including Rs 8 lakh crore of RBI intervention to boost money flow. It cannot make cuts in the other five big heads—interest on loans, defence, food subsidies, pensions and transfers to states—which constitute over 60 per cent of the budget. They are either politically unpalatable or statutory obligations. Particularly defence, given the massive Chinese mobilisation in eastern Ladakh.

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Our cross-sectoral analysis of the economy's bellwethers—automobiles, real estate, banking, manufacturing—inspired the theme for our cover story this week. 'Time for Big Spending', written by Executive Editor M.G. Arun and Deputy Editor Shwweta Punj, looks at why the government needs to open the tap fully when it comes to spending its way out of the present crisis. To see why this could work, it may be instructive to look at what the 2009 budget taught us. After the 2008 global economic crisis, the budget hiked the fiscal deficit from 2.5 per cent of the GDP to 6 per cent and announced a Rs 1.86 lakh crore spending stimulus, then 6.5 per cent of the GDP, to bring the economy back on track. The Board of India Today Economists (BITE) we consulted mostly recommended the 2009 formula. They say that the government needs to increase the fiscal deficit to between 5 and 7 per cent of the GDP.

The experts identified three areas where the government needs to focus its expenditure on. Health, of course, needs to be the number one priority. The government needs to hike its health spending from the current 1.5 per cent of the GDP to at least 2.5 per cent to strengthen its medical infrastructure so that it can handle any fresh wave of the pandemic. Infrastructure is another big force multiplier that can stimulate the economy. The government needs to restart its National Infrastructure Project (NIP) to spend Rs 111 lakh crore on 7,300 projects until 2025 and pay its pending bills. Urban unemployment, which increased to 8 per cent in December, is a far greater challenge than is publicly known. Several of our experts suggest an urban version of MNREGA or the Mahatma Gandhi National Rural Employment Guarantee Act to provide jobs and social security. However, others ask whether this will encourage job-seekers in rural areas to look for jobs in cities without the necessary skills and add to the already creaky urban infrastructure. There are no easy solutions to solving the unemployment problem except to have rapid economic growth.

Where can the government raise the money for all of this? Raising Rs 25 lakh crore each year for the NIP, for instance, is going to be a monumental task. Our experts suggest the monetisation of government-owned assets in defence and non-defence sectors, which can be massive if done aggressively and methodically. Also, the disinvestment of public sector undertakings (PSUs), for which the government had set a target of Rs 2.14 lakh crore in 2020-21, achieved only a measly Rs 11,006 crore. The stock market is at an all-time high, and there is enough liquidity in the market. Closing money-draining PSUs saves money for the exchequer. The government also needs to review the ballooning cost of the salaries of central government civilian employees, which currently stands at Rs 10 lakh crore (both central and state government employees put together, in 2017). Perhaps, dispensing with some ministries that have long outlived their utility could be a start. If we are to accelerate our infrastructure investment, we need a robust bond market to attract foreign investment.

Budget-making, even in normal circumstances, is an arduous task, given that it requires balancing the needs of multiple ministries and demands of the various sectors of the economy. Being the country's finance minister, especially when the economy is under unprecedented stress, has to be the most unenviable job right now. If she has to live up to her promise of a path-breaking budget, the FM will have to shed all old shibboleths and compulsions. This could be a great opportunity to cut tax rates and accelerate demand and consumption. She must think out of the box and with the audacity to energise the economy and put it on the path of high growth, which it richly deserves. It is now or never.

(Aroon Purie)

Illustration by NILANJAN DAS

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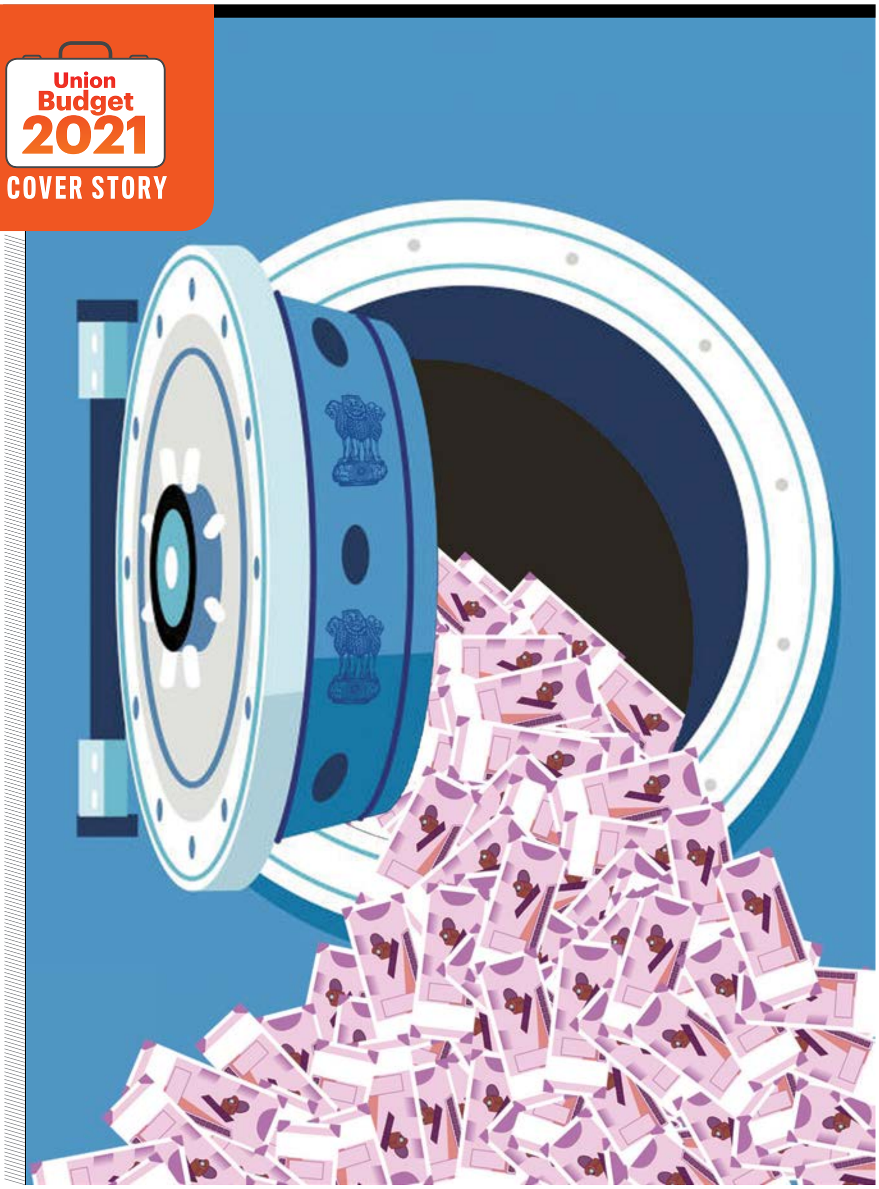
INSIDE

UPFRONT
THE TWO AND A HALF FRONT WAR PG 7

BIHAR: TROUBLE IN THE ALLIANCE PG 10

LEISURE
BOLLYWOOD IN MALDIVES PG 59

Q&A WITH KAJOL PG 66



Union Budget 2021
COVER STORY

Illustration by TANMOY CHAKRABORTY

COVER STORY

30

TIME TO SPEND BIG

Budget 2021 comes amid great expectations—the government needs to lift the economy from falling growth, demand and investment. Top economists offer their suggestions

Cover by **NILANJAN DAS**

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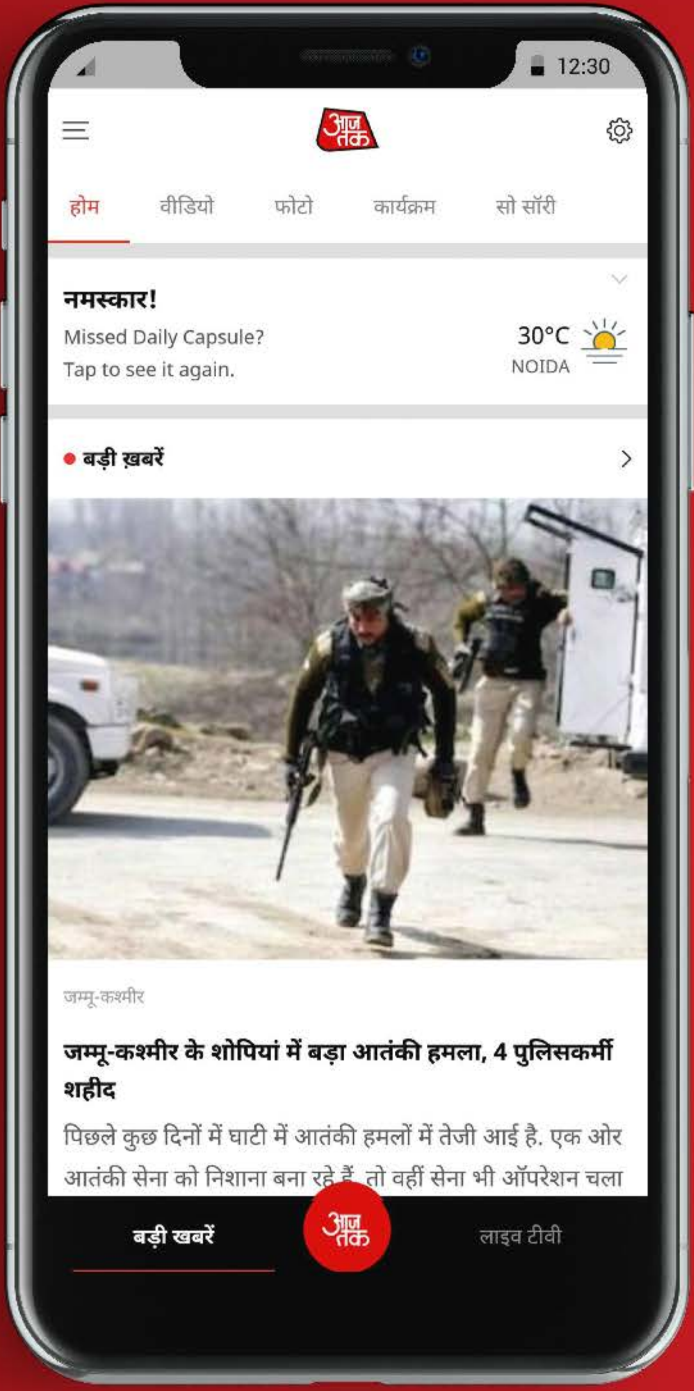
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INSIDE

20

COVID VACCINE

A SHOT OF HOPE

India enthusiastically welcomes the rollout of the Covid vaccination programme, but challenges remain

CHANDRADEEP KUMAR

JAI JAWAN
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जय जवान जय किसान
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26

FARM LAWS

DIGGING IN THE DIRT

The country's apex court stays the implementation of the farm laws. Why are the farmers still angry?

WEST BENGAL

48

THE MUSLIM GAMEPLAN

The rise of new political contenders threatens Mamata Banerjee's once assured vote bank

52

TAMIL NADU

A TOUGH ROAD AHEAD

Election results since 2019 seem to suggest the DMK has an edge. But M.K. Stalin is yet to consolidate the gains

55

DEFENCE

LCA GETS WINGS

Why the purchase of 83 Tejas Mark 1A Light Combat aircraft could be a gamechanger

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Why TMC deserters are sparking resentment within the BJP

By Romita Datta

The BJP's main objective is to weaken the TMC, but inducting any and all could prove counter-productive as BJP workers become restive

https://bit.ly/3bCDeun

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Rajasthan's Covid vaccination dry run

By Rohit Parihar

The state government hopes to vaccinate 450,000 health workers with the first dose within a period of three weeks

https://bit.ly/2LHsboZ

Why the wait for BJP veterans to get in the MP cabinet has got longer *By Rahul Noronha*

The Madhya Pradesh chief minister has accommodated Congress defectors into his cabinet, leaving BJP loyalists out in the cold

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How Tamil Nadu has sustained industrial investment growth despite Covid-19

By Amarnath K. Menon

The state has been aggressively wooing business investments over the past year

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What is 'corona rage'? *By Shelly Anand*

Ten months into the coronavirus pandemic, cases of anger, conflict and anxiety see an increase

https://bit.ly/2Xzlnwt

UPFRONT

BIHAR: TROUBLE IN THE ALLIANCE PG 10

ANDHRA PRADESH: A SHADE OF SAFFRON PG 14

INDIA PLAGUED BY THE BIRD FLU PG 12

TRUMP'S NEW YEAR GIFT TO CHINA PG 18

CONSTANT VIGILANCE Army chief Gen. M.M. Naravane (left) at Rechin La to assess the situation along the LAC with 14 Corps Cdr. Lt. Gen. P.G.K. Menon

ANI

DEFENCE

THE TWO AND A HALF FRONT WAR

By Sandeep Unnithan

At his annual press conference held on January 12, ahead of the Army Day celebration on January 15, army chief General M.M. Naravane outlined the challenges facing the world's second-largest fighting force. An active 'two and a half front war'—armyspeak for all its external and internal security challenges—is now a reality. The two fronts being China and Pakistan and the half front being counter insurgency.

Over 100,000 soldiers of the world's two largest armies are currently facing off along the Indo-China border, the longest disputed boundary, most of which is at altitudes of over 8,000 ft. It's a brutal game of endurance to see who blinks first—that too in winter with temperatures dropping to a bone-chilling 30 degrees below zero in places.

The Indian Army's principal adversaries—China, on the northern front, and Pakistan, the western front—behaving more 'collusively', training and operating together and exchanging intelligence. India shares a 3,488 km disputed Line of Actual Control (LAC) with China, divided into three sections—western, central and eastern. The western sector, Ladakh, flared up in May 2020, when China's People's Liberation Army (PLA) massively mobilised its troops along the LAC. Eight rounds of talks between Corps Commanders have failed to achieve a breakthrough, so while the army awaits dates for the ninth round, it has no option but to move troops along the LAC in the central sectors in Himachal Pradesh and Uttarakhand, and the eastern sectors spanning the states of Sikkim and Arunachal Pradesh. “We have maintained a high state of alertness all along the northern borders as of now,” said Gen. Naravane. The Indian Army’s strategy is to hold ground, ensure the PLA does not move into other sectors and wait for talks. The army has, in effect, enlarged the strategic chessboard all across the Himalayas. But, the implications of these moves extend far beyond the obvious—they affect the already-stressed military budgets in a recession year and also on the ongoing military reform which calls for the existing 17 single-service, geographically distant commands of the three services to be merged into just five ‘theatres’.

From the perspective of the air force and navy, which account for 35 and 15 per cent of the defence budget, respectively, the border crisis will only exacerbate New Delhi’s existing landward focus. ‘The high state of alertness’, as Gen. Naravane mentioned, could be taken to mean one thing. While at least a fourth of the army’s infantry and armour divisions and artillery units are deployed along the border on the two fronts, the rest are in the rear for extended “training” deployments, ready to be launched at short notice.

The 1.3 million-strong Indian Army has around 650,000 troops in fighting formations—infantry, artillery and the armoured corps. The rest are in combat support arms. Close to 40 per cent of the army is thought to be deployed in the Union territories of Jammu and Kashmir (along the 776 km LoC), and Ladakh (along the 1,597 km LAC) and is also engaged in counter-insurgency operations in J&K and the Northeast. In Ladakh, Gen. Naravane said, the army would remain forward deployed. “If the talks get prolonged...we are prepared to hold our ground for as long as it takes,” he said.

STRETCHED THIN

The Indian Army needs to find resources to man disputed boundaries with its northern and western adversaries and pursue counter-insurgency operations

WESTERN FRONT

PAKISTAN

LoC
776 km

International Border
3,323 km

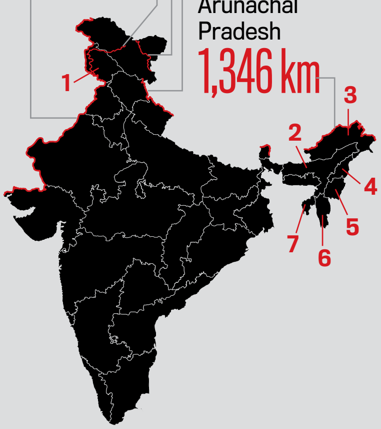
NORTHERN FRONT

CHINA

LAC-Ladakh
1,597 km

Uttarakhand+ Himachal Pradesh
545 km

Sikkim + Arunachal Pradesh
1,346 km



THE HALF FRONT

DEPLOYMENTS IN COUNTER-INSURGENCY

1. Jammu & Kashmir **2.** Assam
3. Arunachal Pradesh **4.** Nagaland
5. Manipur **6.** Mizoram **7.** Tripura

Jayadeva Ranade, former additional secretary, R&AW, and a China analyst, predicts a period of sustained military pressure on India this year. “The military confrontation in the Himalayas is likely to escalate, with a high possibility of clashes occurring periodically, commencing from spring this year. These could include sharp, swift military actions,” he says. This would mean an extended deployment all through the year. It is hard to recall another time the army was so heavily committed on all its fronts. What could be the impact of a sustained military deployment? The army needs to find troop reserves, since troops cannot remain forward deployed indefinitely and have to be rotated through peace tenures. Gen. Naravane ruled out a pullout from counter-insurgency operations in J&K. They might pull troops out of the Northeast instead, where militancy is dying down.

Given the altered security scenario, how will the army address successive operational directives issued by the government over the years to address a joint military attack by China and Pakistan? The government’s war directives call for the army to address a two-front war, however improbable, by “defeating Pakistan” and “holding China”. After the Ladakh stand-off last year, the army has initiated a rebalancing strategy, under which it will refocus troops from the western front to face off against the Chinese. In the short term, the army now proposes to do what several strategists have suggested over the years—convert one of the three existing strike corps meant to operate along Pakistan into a China-facing mountain strike corps. (Strike corps are offensive fighting formations launched across borders.) The strike corps will need to shed their tanks and armoured personnel carriers. The army hopes to realise its original proposal from the early 2000s for two mountain strike corps against China—one in Ladakh and another in Arunachal.

Rather than flooding the area with manpower, the army needs to go for technology and firepower to maintain deterrence. “We need a mental shift to implement conventional deterrence methods by building capability to interdict and inflict unacceptable damage to the PLA’s western and eastern highways, to vulnerabilities like the Chumbi Valley and to control large swathes of territory like the Depsang and North Sikkim plains,” says Lt Gen. P. Ravi Shankar, former DG, artillery.

Top army officials say they are mindful of not committing troops into what could be a potentially ruinous World War I-style forward deployment. Gen. Naravane mentioned an ongoing study by the Army Training Command on substituting manpower with technology. But, given the sheer size and deployments of the army, these will take years to implement on the ground. ■

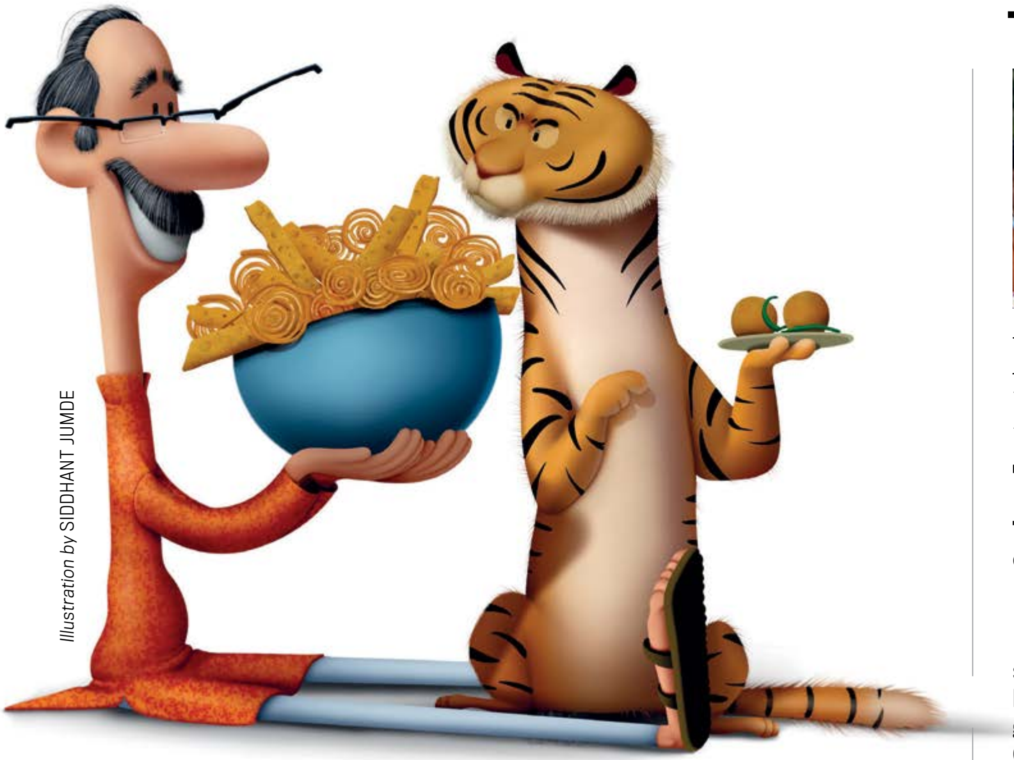


Illustration by SIDDHANT JUMDE

GLASSHOUSE

SHIV SENA'S GUJARATI LOVE

The Shiv Sena, which claims to espouse the cause of the Marathi *manoos*, is busy these days wooing Mumbai's 2.5 million-strong Gujarati community, a key support base of its former ally, the BJP. On January 10, the party launched an outreach campaign, 'Jalebi fafda, Uddhav Thackeray aapda (Uddhav is ours)' in the city. At the event, *fafda*, a popular Gujarati snack, was served along with the Maharashtrian *batata vada*. Two years ago, Sena mouthpiece *Saamna* had slammed Gujaratis as "Maharashtra-*drohis* (traitors)". The change of heart has much to do with elections to the 227-seat Brihanmumbai Municipal Corporation (BMC), due in early 2022. Expect more such surprises.

BJP's Soothsayer

YASIR IQBAL

Union railway minister **Piyush Goyal** finds honourable mention in Pranab Mukherjee's recently released memoirs, *The Presidential Years—2012-2017*. In the book, the late president recounts how Goyal was one of the few BJP leaders to have accurately predicted his party's tally in the 2014 Lok Sabha election. Goyal had apparently met Mukherjee and predicted 'nothing less than 265 seats, going up to 280'—the BJP eventually got 282. Mukherjee took him seriously when Goyal shared details of Narendra Modi's campaign schedule, criss-crossing the country.

ANI

Mirror Image

The BJP ticked more than a few boxes when it picked **Tarkishore Prasad** to succeed Sushil Kumar Modi as Bihar deputy chief minister last November. Not only portfolios, Prasad was also allocated the same official bungalow that Modi held in the previous BJP-JD(U) government. The new deputy CM also shares his birthday with his predecessor and was quick to wish Modi on January 5. It remains to be seen if he also possesses Modi's administrative skills and political acumen.

'REBEL STAR' GOVERNOR

Actor and former Union minister **U.V. Krishnam Raju** is tipped to be the next governor of Tamil Nadu. Raju, who turns 80 on January 20, will be the fifth Telugu person since 1993 to occupy Chennai's Raj Bhavan. As a popular movie star, he was called 'Rebel Star'. Just as well. Raju arrives in the film-crazy state just months ahead of the assembly election.

—Sandeep Unnithan with Kiran D. Tare, Amitabh Srivastava, Anilesh S. Mahajan and Amarnath K. Menon

राज्य परिषद की बैठ
2021,

ANI

BIHAR

TROUBLE IN THE ALLIANCE

By Amitabh Srivastava

The Janata Dal (United) office in Patna had an important visitor on January 7. Officially, Bhupender Yadav, BJP national general secretary and the party's Bihar in-charge, had come down to congratulate the new JD(U) national president, Ram Chandra Prasad Singh, who took over the post from Chief Minister Nitish Kumar on December 27. But there was more to the meeting.

Just days ago, Singh had described the JD(U) as a party that "neither cheats nor conspires against anybody". The remark was a barely disguised dig at the BJP over its move on December 26 to induct six legislators of the JD(U) in Arunachal Pradesh. The development has reportedly caused a rift in the ruling alliance in Bihar, and Yadav's visit was part of the BJP's effort to placate its old ally. A Rajya Sabha member from Rajasthan who enjoys the confidence of the BJP central leadership, Yadav has emerged as a key party face in Bihar after former deputy

POLITICAL BUZZ Bihar chief minister Nitish Kumar with R.C.P. Singh at a JD(U) meet in Patna on Jan. 10; (inset) Singh with BJP's Bihar unit in-charge Bhupender Yadav (extreme right) on Jan. 7

SONU KISHAN

chief minister Sushil Kumar Modi was shifted to the Upper House last year.

Yadav also met Nitish on January 7 and the two leaders reportedly discussed the expansion of the Bihar cabinet. The cabinet has 14 ministers, including the chief minister, and there is room for another 22. The JD(U) is upset about delays by the BJP in sharing its list of nominees for the cabinet expansion as well as BJP MLC Sanjay Paswan's statement in December that Nitish give up the home department. "The message is loud and clear. The BJP cannot afford to take us for granted in Bihar just because it is supporting the coalition government," said a senior JD(U) leader, who did not wish to be named.

REBUILDING THE JD(U)

Nitish's decision to step down as the party's national president before the end of the term in 2022 is thought to have been prompted by the need to focus on governance while handing over the crucial task of expanding the party base to Singh. Last November, for the first time in Bihar's electoral history, the JD(U) conceded senior partner status to the BJP. While the BJP won 74 seats in the 243-member state assembly, the JD(U) managed only 43 seats, down from 71 in 2015. This was the party's worst performance since 2005.

JD(U) leaders say Nitish's choice for the party's top job is no less significant than the timing of his decision. With the JD(U)-BJP alliance hitting a rough patch—evident from the episode in Arunachal Pradesh—Nitish felt the need for a leader who could aggressively rebuild the party in the face of the BJP's growing dominance in the state.

What caused serious displeasure in the JD(U) was that its Arunachal MLAs were taken on board by the BJP even though it enjoyed a clear majority in the legislative assembly. JD(U) leaders argue that the inductions could not have been made without the approval of the BJP central leadership. "That makes the events all the more unfortunate. If the BJP central leadership was aware of the move to lure our MLAs, it will cause a trust deficit [between the allies] in Bihar," said a senior JD(U) leader on condition of anonymity.

Though not a mass leader like the Bihar chief minister, Singh appears well suited to take charge of the JD(U) at this critical juncture. He is reputed to be a meticulous planner, who prefers to work away from the limelight. A former IAS officer who served as principal secretary to Nitish, Singh took voluntary retirement in 2010 and was nominated to the Rajya Sabha by the JD(U). Known to have Nitish's ear, Singh was re-nominated to the Upper House in 2016.

"In his dual role as chief minister and JD(U) national president, Nitish could not have effectively taken on BJP leaders, with whom he has to coordinate on governance matters. R.C.P. Singh, as national president, will do the hatchet job," feels a JD(U) leader. Continuing with its revamp of the party organisation, the JD(U) on January 10 chose Umesh Kushwaha, a leader in his forties, to succeed the septuagenarian Bashishtha Narayan Singh as the party's Bihar unit chief.

THE BJP'S MOVE TO INDUCT SIX JD(U) LEGISLATORS IN ARUNACHAL PRADESH HAS CAUSED SERIOUS DISPLEASURE IN NITISH KUMAR'S PARTY

COALITION PRESSURES

The JD(U)'s mistrust of its ally goes back some way. In the run-up to the assembly election, the BJP had maintained a studied ambivalence towards Chirag Paswan of the Lok Janshakti Party (LJP), even while he was openly gunning for Nitish Kumar. The LJP eventually contested the Bihar election outside the NDA umbrella, and while it won just one seat, it cut into the JD(U)'s votes and was responsible for the party's defeat on many seats. The trust deficit has only increased with the LJP continuing to have a place in the NDA at the national level.

Though the JD(U)'s strength in the Bihar assembly has diminished, Nitish still has a few aces up his sleeve. While the BJP is unlikely to get support from any of the other principal parties, Nitish has no dearth of suitors in the opposition camp. Rashtriya Janata Dal (RJD) chief Tejashwi Yadav has ruled out an alliance with the JD(U) and Nitish too has declared that the NDA government will complete its term, but the BJP is well aware that Nitish may still have options should relations with the BJP reach breaking point. ■

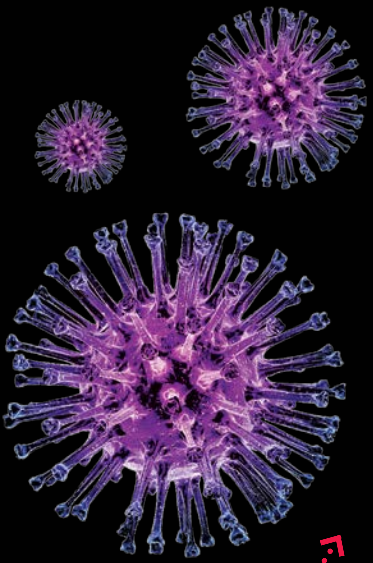
DOUBLE WHAMMY

A sudden and severe outbreak of bird flu, especially in India's northern states, has raised alarm. How bad is it?

Graphic by **NILANJAN DAS,** *research by* **ROHIT PARIHAR**

WHAT IS IT?

Bird flu is a highly infectious disease caused by the influenza virus, primarily affecting birds. There are many different strains, of which four have made headlines in recent years—H5N1, H7N9, H5N6 and H5N8. It is not considered a direct threat to humans, though there have been cases of human infections leading to death. The danger comes from the fact that it spreads very quickly and could potentially mutate into a form that primarily affects humans.

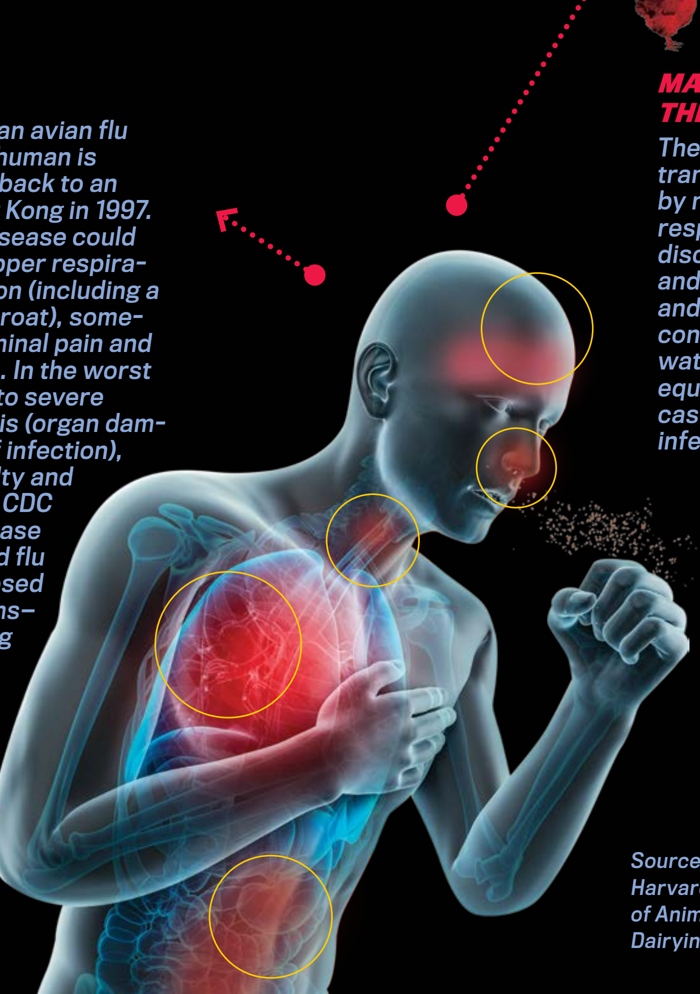


STAYING SAFE

The same precautions that work against other respiratory viruses (hand washing, mask wearing and social distancing) are generally recommended. A 2006 note from Harvard Medical School said that bird flu is not considered a food-borne disease. It recommended proper cooking to ensure poultry products are safe for consumption—this

WORST CASE

The first case of an avian flu virus infecting a human is generally traced back to an outbreak in Hong Kong in 1997. In humans, the disease could manifest as an upper respiratory tract infection (including a fever and sore throat), sometimes with abdominal pain and gastric problems. In the worst case, it can lead to severe pneumonia, sepsis (organ damage as a result of infection), breathing difficulty and death. America's CDC (Centers for Disease Control) says bird flu cannot be diagnosed through symptoms—laboratory testing is essential.



MAKING THE LEAP

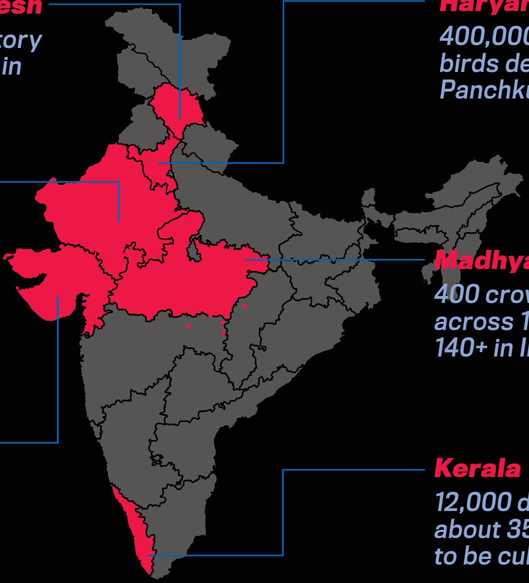
The virus is transmitted by nasal and respiratory discharges (phlegm and mucus) and faeces, via contaminated feed, water and farming equipment. Most cases of human infection have been traced to the handling of infected poultry, as well as through contact with other farm animals like pigs. A note from AIIMS (All India Institute of Medical Sciences) said there is currently no evidence of sustained human-to-human transmission of the virus.

Sources: AIIMS, NHS, CDC, Harvard Medical, Department of Animal Husbandry and Dairying, Media reports

means cooking meat until 'the pink is gone' and avoiding eggs with runny yolks (half-boiled or sunny-side up fried eggs), as well as products made from raw eggs, like mayonnaise.

STATE OF PLAY

Between end December and early January, 10 states and Union territories reported mass bird deaths—Himachal Pradesh, Haryana, Rajasthan, Madhya Pradesh, Gujarat, Uttar Pradesh, Kerala, Delhi, Uttarakhand and Maharashtra



Himachal Pradesh
Over 1,700 migratory birds found dead in Kangra district

Haryana
400,000 poultry birds dead in Panchkula district

Rajasthan
About 3,000 birds, including crows, peacocks and pigeons, dead in various districts

Madhya Pradesh
400 crows found dead across 10 districts, 140+ in Indore alone

Gujarat
53 birds found dead in Junagarh district

Kerala
12,000 ducks dead, about 35,000 birds to be culled

HARSH REALITY

To prevent the virus spreading, many states have ordered farmers to begin culling operations—large-scale killing of poultry. Along with the moral consequences, this has a severe economic impact. By one estimate, India has an annual per capita consumption of 68 eggs and 2.5 kg of chicken, with the poultry sector worth about Rs 80,000 crore. Poultry product prices have already crashed, something the sector, which lost over $1 billion in the first months of the pandemic, can ill afford. The government had ordered culling operations to control previous outbreaks as well—between 2006 and 2018, it paid farmers about Rs 26 crore in compensation.

TEMPLE TROUBLES
Naidu meets the priests at the Ramatheertham temple, Jan. 2

ANDHRA PRADESH

A SHADE OF SAFFRON

By Amarnath K. Menon

The Telugu Desam Party's (TDP) official colour, sunshine yellow, is getting a saffron tinge. The BJP's inroads into Andhra Pradesh and internal pressures have forced party president N. Chandrababu Naidu to embrace an apparently Hindutvist agenda in a bid to ensure that the TDP keeps a hold on the close to 40 per cent vote share it has in the state. The party is stepping up a campaign for the protection of temples (after several attacks, of late) and has been scathing in its criticism of the ruling Yuvajana Sramika Rythu Congress (YSRC), even accusing it of promoting religious conversions.

The TDP, which has always projected secular credentials, is gradually shedding this identity. When the Ram idol at the hilltop Sri Kodanda Rama Swamy temple in Ramatheertham, Vizianagaram district, was found damaged on December 29, Naidu swiftly paid a visit to the temple while his party took out a rally and staged protests even before the BJP could get into the act. The idol desecration a day before surveillance cameras were to be installed at the temple triggered a political battle among leaders and activists of the TDP, BJP and the YSRC over the spate of such incidents—some reports have listed over 130 incidents of vandalism at Hindu temples—since Jagan Mohan Reddy took over as chief minister in May 2019. This has prompted the state to step up security, and so far over 37,500 surveillance cameras have been set up at over 11, 000 places of worship in the state. But that hasn't stopped the TDP from making insinuations. On January 6, after raking up the Christian conversions issue, Naidu launched an attack on Jagan, home minister M. Sucharita and state DGP Gautam Sawang. "They are all Christians...and they have displayed total negligence in allaying the fears of Hindus after the Ramatheertham incident," he says.

The TDP's immediate concern is wresting the prestigious Tirupati Lok Sabha seat (reserved for Scheduled Castes) in Naidu's native Chittoor district in the byelection due in the coming months. Party sources say Naidu now believes that without taking a "saviour of Hindus" position, the TDP could lose ground in the state.

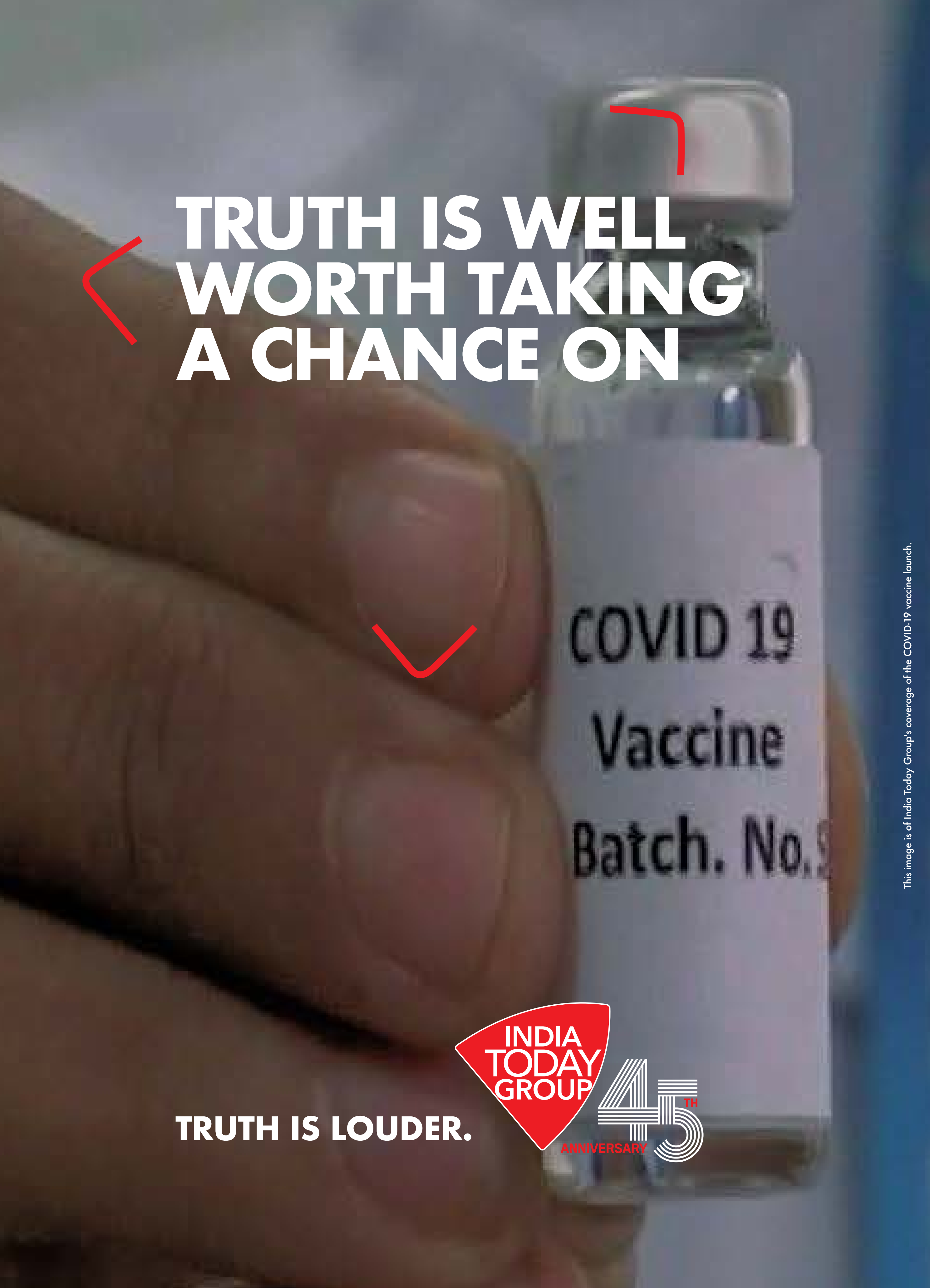
AFTER THE RAMATHEERTHAM INCIDENT, NAIDU SWIFTLY PAID A VISIT TO THE TEMPLE WHILE THE TDP TOOK OUT A PROTEST RALLY EVEN BEFORE THE BJP COULD REACT

The ruling YSRC is also on to the game. On January 8, Chief Minister Jagan, now in dhoti-shirt attire, performed *bhoomi pujan* for the reconstruction of nine temples demolished while building a flyover in Vijayawada during the TDP government's rule. He also laid the foundation for development works worth Rs 77 crore at the hilltop Kanaka Durga temple in the city.

With police investigations into the incidents of vandalism not making much headway, a 16-member SIT (special investigation team) will now take over the cases. The TDP has opposed this and is demanding a CBI probe into the "140 attacks on temples in the last one year". Meanwhile, the police have arrested a few TDP leaders and journalists for an alleged disinformation campaign that the arch at the Lakshminarasimha Swamy temple in Singarayakonda, Prakasam district, was vandalised. The charges include conspiracy to "defame" the government.

The opposition, led by the TDP, BJP and actor Pawan Kalyan's Jana Sena, claims that incidents of temple vandalism are on the rise across the state's 13 districts. Jagan counters this saying they are "trying guerrilla warfare" against the government. "Even God is not spared in this game of politics. Why would an elected government resort to anti-social acts that hamper the peaceful coexistence of people?" he asks.

The opposition, and especially Naidu, are in no mood to back off. After the stunning defeat in the 2019 state election, it has been one reversal after another for the 70-year-old TDP chief. He has finally got Jagan and the YSRC on the back foot, and also an issue to keep the TDP buoyant. But political observers warn that taking the Hindutva road is politically risky, and may ultimately benefit the BJP more than the TDP. ■


TRUTH IS WELL WORTH TAKING A CHANCE ON
COVID 19
Vaccine
Batch. No.
TRUTH IS LOUDER.
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This image is of India Today Group's coverage of the COVID-19 vaccine launch.

VENKTESH SHUKLA

GUEST COLUMN

How Startup India Can Smooth Out the Snags

The 2016 launch of Startup India by Prime Minister Narendra Modi captured the imagination of the younger generation and unleashed a wave of start-ups. There are now more than 30 unicorns (privately-held start-ups valued at over $1 billion) in India, which will inspire the next 30,000 entrepreneurs to tackle coming challenges. Faith is also gaining ground that technology and entrepreneurship can solve the big problems of the country. The shift in mindset towards innovation augurs well for India.

Indian start-up founders are young and may not have the deep industry experience crucial to solving issues of large firms

While India has done well considering where it began, it is still punching far below its weight globally. Consider this: Israel, a country of 8 million people, has seen 250 of its companies go public in the US and thousands of its start-ups have been acquired by big US companies. Most of these companies solve problems for big- and medium-sized enterprises. Compare this to the global impact of India—less than five companies have gone public in the US and only a handful have been acquired by global companies.

Indians are second to none in talent, initiative or entrepreneurship. The problems lie elsewhere, and the government can address only a few.

Regulations in India have become a lot friendlier to start-ups over the past few years. But there are still a few areas that slow things down. It has become a lot easier to start companies but shutting them down is still a long-drawn-out process. The sooner a company is wound up, the sooner the talent is available for the next challenge. It takes at least two months for a potential hire to leave the present employer, which, for a start-up that competes on speed, is a lifetime. The government should proactively intervene to cut down the notice period commonplace in all employment contracts.

Another problem is the tax regime. As experience with the struggle to remove taxation of angel investment showed, the tax department has an incentive to latch on to and enforce every avenue of tax collection. The perverse incentive comes from the strange practice in India of giving an annual quota for tax collection to the CBDT (Central Board of Direct Taxes). The tax collection quota is passed on from the top to every income tax officer for which he/ she is held accountable. No one should then be surprised with the overzealousness of the tax officer—the incentives dictate behaviour.

But by far the biggest problem is the excruciatingly slow legal system to enforce contracts. Its pernicious impact is hugely underestimated. If your customer does not pay on time or writes a bad cheque, you cannot rely on the court system to deliver quick justice. If your cofounder walks out with your source code, what will a start-up do other than issue a lame legal notice? The wrongdoers do not at all fear being held accountable. The biggest loser of the slow judicial system is the small guy who does not have the resources or the time to pursue long drawn out court cases. Big companies rarely innovate, the small ones do and they suffer the most if contracts are observed more in breach. The ultimate loser is India.

Another reason for India punching below its weight is the nature of entrepreneurship in India. An overwhelming number of start-up founders are young people in their 20s and early 30s with very little work experience. To develop insight to solve complex business problems for large enterprises requires a degree of familiarity with the current state-of-the-art technologies and their limitations. There is no short-cut to getting this insight—you have to earn it the hard way by spending many years immersed in it. But there are hardly any entrepreneurs in India in their 40s or 50s. Unless a large number of professionals with 15-20 years of deep industry experience take the plunge, India will not spawn a large number of companies that become globally dominant. ■

Venktesh Shukla *is MD of Monta Vista Capital based in Silicon Valley and a former chair of TiE Global*

Illustration by TANMOY CHAKRABORTY

LOVE IT
OR HATE IT
TRUTH DOESN'T
CHANGE
This image is of the pro-Trump protest at the U.S. Capitol building.
TRUTH IS LOUDER.
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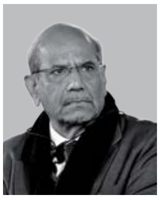


SHYAM SARAN

GUEST COLUMN

Trump's New Year Gift to China

The violent assault on the iconic American Capitol building by a marauding pro-Trump mob extinguished whatever little glow was left of the shining City on the Hill. The vulgar images of the ugly desecration of the citadel of American democracy will remain seared in the memories of both Americans and people across the world. A future historian may well mark this as an inflection point in America's decline as a great power on the geopolitical stage. This is bad news for those who still rely on the US to enable a credible coalition to restrain a China which believes its own moment in the sun has arrived; that it is the new shining City on the Hill in the 21st century.

The terrible events of January 6 may have roused the concerns of a majority of Americans, creating a more favourable setting for the incoming Biden administration to take the country towards reconciliation and renewal. But even in this unprecedented crisis, what is noteworthy is how roughly 40 per cent of the US public and a majority of its White population continue to believe that the election was stolen from Trump, that Biden will be presiding over an illegitimate government. Those in the Senate who turned against Trump in the aftermath of the riot were branded as traitors. There was a viral clip of Republican senator Lindsay Graham being surrounded by a group of White travellers at Washington airport who reviled him as a turncoat and traitor. All because he had refused to support an overturning of the electoral verdict in favour of Biden.

The divisions in American society run very deep and it is unlikely that a slowing economy and an expanding public health crisis will enable the healing touch Biden wishes to apply to a fractured polity. A sizeable chunk of American society feels alienated, disempowered and victimised despite being privileged in many other ways. Racism runs deep in America and was also on display during the Capitol assault. The police handled the rioters with kid gloves, some even took selfies with them and refrained from using the violent means that are routinely deployed against non-White demonstrators and protesters. It's unlikely that the faultlines on display will be overcome in the foreseeable future.

With America's geopolitical clout in doubt, India will now face a less restrained China, one which wants to remake the world to suit its own interests

Given the domestic preoccupations of the Biden regime, the US is likely to have a narrower bandwidth available to deal with a complex international agenda. Biden has assembled a very professional and experienced foreign policy and national security team and this is reassuring. But the team has its work cut out simply to repair the damage done to the international reputation and standing of the US under Trump. The stress will be on salvaging rather than enabling the US to take a leadership role in what will be a more contested geopolitical landscape. Much will also depend on how quickly Biden is able to bring the raging pandemic under control and set the US economy on a path of recovery and renewal. The US remains the knowledge capital of the world and its entrepreneurial energies are unmatched. But it needs to come up with a strategy to leverage these assets to compete effectively with an ascendant China which now enjoys a distinct edge thanks to the display of incompetence and divisions during the Trump years.

What this means for India is facing up to the reality of a Chinese power less constrained than ever before and even more convinced that it has a historic opportunity to remake the world to suit its own interests. There may be greater risk of war as China moves to forcibly unify with Taiwan and perhaps increase the military pressures on its borders with India. It may well believe that this is an opportunity to finally restore all the borders it historically claims. Accomplishing this in the 100th anniversary year of the Chinese Communist Party would further consolidate Xi Jinping's unquestioned leadership. We are in for a bumpy ride ahead. ■

Shyam Saran *is a former foreign secretary and a Senior Fellow at the Centre for Policy Research, Delhi*

Illustration by SIDDHANT JUMDE

THE WAVE OF TRUTH LASTS FOREVER
TRUTH IS LOUDER.
INDIA TODAY GROUP
45TH ANNIVERSARY
This image is of the cold wave in Kashmir in 2021.

A SHOT OF HOPE

Officials exude confidence ahead of India's mammoth Covid vaccination programme, but challenges remain on the ground

BY SONALI ACHARJEE

COVID-19 VACCINE
COVID-19 VACCINE
Manipal Hospitals

At 5 am on January 12, three temperature-controlled trucks arrived at the Pune airport. Police and airport security in tow, they took a special route on the runway for their consignments to be loaded onto nine flights. Heading to 13 cities across India, these flights carried 5.6 million doses of the Covishield vaccine between them. It was the first batch of the much-awaited protection against the Covid virus, the first shots of which will be administered to some 30 million Indians for free, beginning January 16.

"Covid cases in India are declining, which is a good sign. Our vaccination drive will further help reduce transmission of the virus. Both Covishield and Covaxin, the vaccines approved for emergency use in India, have met all safety criteria," says Dr V.K. Paul, NITI Aayog member and chairman of the National Expert Group on Vaccine Administration for Covid-19. "In fact, 12 countries have approached us for Covid vaccines." Dr Paul adds that after nearly 10 days of dry runs across 33 states and Union territories, the country is fully geared up to vaccinate its entire 1.3 billion population against Covid-19, in what will arguably be the largest immunisation programme in the world.

India granted emergency use authorisation to Covishield, developed by AstraZeneca-Oxford and manufactured in the country by the Serum Institute of India, and Bharat Biotech's Covaxin on January 3. Covishield is a viral vector vaccine that uses a weakened version of a common cold virus found in chimpanzees. It encodes instructions for making proteins similar to that of the novel coronavirus to generate an immune response and prevent infection. Trials have shown it to have an average 70 per cent efficacy. Covaxin, on the other hand, has been

AFP

VACCINE VAN

ANI

FINAL COUNTDOWN (Clockwise from left) A dry run of the Covid vaccination programme in Jaipur; the first lot of the Covishield vaccine gets ready for dispatch from Pune; vaccine dry run in Jammu

derived from a strain of the novel coronavirus isolated by the National Institute of Virology (NIV), Pune. Bharat Biotech used this to develop an inactivated vaccine, which is still in phase 3 trials with efficacy not yet known.

A COLOSSAL EXERCISE

The Union ministry of health & family welfare (MoHFW) has issued guidelines to all states for the Covid vaccination programme. For the first phase, the Centre will procure and distribute the vaccines. States can then decide which vaccine to use in the subsequent phases. The guidelines mandate only one vaccine candidate per state to avoid confusion. From deciding the number of people to be vaccinated in the first phase to identifying transport and distribution points, states have had around two weeks to plan their vaccination drives.

In all states, health and frontline workers will be the first to receive the vaccine. Bihar, for instance, has enrolled around 1 million beneficiaries for the first two phases of vaccinating healthcare and frontline workers. Around 430,000 health workers will be immunised in the first phase. In the next round, frontline workers, including police, armed forces, home guards, civil defence and disaster management volunteers and municipal workers, will be covered. Once this is done, dates will be announced for the priority target group of 15-20 million people who are above 50 years of age or have co-morbidities. In Delhi, 5.1 million health and frontline workers will be the first to receive the vaccine while 425,000 people have been listed in Rajasthan. Around 407,000 health workers will be immunised in Madhya Pradesh and 267,000 in Chhattisgarh. Uttar Pradesh has announced figures for three phases of its vaccination drive: 800,000 health workers in the first phase, 1.6 million frontline workers in the second and 30 million people (above age 50 or having co–morbidities) in the third. West Bengal plans to vaccinate 10 million people in the next six months, with 600,000 covered in the first phase.

The states have drawn their individual plans for transporting, storing

KNOW YOUR VACCINE

The top five vaccine candidates for India and what experts have to say about them

COVISHIELD

Researched by: AstraZeneca and Oxford University

Manufactured by: Serum Institute of India

Type: Chimpanzee adenovirus vector-based vaccine

Efficacy*: 70% (based on phase 3 trial results)

Status in India: Approved for emergency use. Around 5.6 million vials shipped to 13 cities on Jan. 12

Expert take: "Live vaccines need to be stored at 2 to 8 degrees Celsius. This vaccine requires an efficient cold chain to avoid contamination. It has been tested on only 1,600 people in India, which is good to judge safety and immunogenicity* but is a small sample size for robust efficacy data."

–**Dr Gagandeep Kang**
Vaccine expert, Christian Medical College, Vellore

COVAXIN

Researched by: Bharat Biotech with NIV, Pune and ICMR

Manufactured by: Bharat Biotech

Type: Inactivated vaccine

Efficacy: Not known

Status in India: Approved for emergency use

Expert take: "This vaccine type is time-tested and safe, but its efficacy is questionable at this stage. We lack data on how long the protection will last or how effective it will be."

–**Virander S. Chauhan**, *Scientist, International Centre for Genetic Engineering and Biotechnology, New Delhi*

SPUTNIK V

Researched by: Gamaleya Research Foundation

Manufactured by: Hetero India

Type: Adenoviral vector-based vaccine

Efficacy: 91.4%

Status in India: Phase 3 trials on; interim analysis found it to be safe*

Expert take: "To make this vaccine, a gene from the adenovirus is removed and a gene with the code of a protein from Covid is inserted. This inserted element is safe and helps the immune system produce antibodies."

–**Dr Shahid Jameel**, *Virologist and Director, Trivedi School of Biosciences, Ashoka University*

ZYCOV-D

Researched by: Zydus Cadila

Manufactured by: Zydus Cadila

Type: DNA vaccine

Efficacy: Not known

Status in India: Phase 1 and 2 trials on

Expert take: "DNA vaccines use genetically engineered plasmids–a type of DNA–that are coded with the Covid antigen to generate an immune response. Being a relatively new type of vaccine, more safety and efficacy data is needed."

–**Virander S. Chauhan**

PFIZER & BIONTECH

Researched by: Pfizer and BioNTech

Manufactured by: Pfizer and BioNTech

Type: mRNA

Efficacy: 95%

Status in India: Applied for emergency use authorisation

Expert take: "mRNA is a remarkable technology. It allows the body to produce the Covid antigen by introducing genetic instructions. But we need more time to be sure of its efficacy."

–**Dr Shahid Jameel**

and administering the vaccines. In Telangana, the Covid vaccine will be administered at primary and community health centres and a chosen few private facilities. Over 10,000 nurses and ANMs (auxiliary nurse midwives) have been identified as vaccinators. “Robust preparations have been made across the state, which includes augmenting storage capacity, creating infrastructure for additional walk-in cold rooms and procuring vaccine vans for seamless transport,” says Dr G. Srinivasa Rao, director of public health, Telangana.

In Bihar, the vaccines will be supplied to 10 regional vaccine stores using refrigerated vans and cold boxes. The state-level store in Patna and the regional stores together have a capacity for 5.1 million vials. Uttar Pradesh, which had a cold storage capacity of 80,733 litres for routine immunisation, required an additional capacity of 123,205 litres for the Covid vaccine drive. The state received massive support in this from the Centre. “The central government made available 224,242 litres of cold storage space. A total of 1,477 centres will be set up for Covid vaccination,” says Alok Kumar, the state’s principal health secretary. Each centre will have two vaccination teams, who will together cover 200-odd people in a day. About 300,000 people will be vaccinated per day. “We aim to finish the first phase within three days,” says Kumar. Prashant Kumar, UP’s additional director general of police (law and order), says the vaccine storage centres will be made as secure as EVM vaults after elections.

Rajasthan, which has had one of the lowest Covid counts in the past six months, has lined up two state-level vaccine stores, six regional vaccine stores, 34 district vaccine stores, 2,444 cold chain points and 1,300 ambulances for its drive. “We anticipate no problems in meeting our phase 1 targets. Subsequently, we will be able to reach most of our target population even in the remotest parts with the help of anganwadi workers,” says Siddharth Mahajan, secretary, health, Rajasthan.

HICCUPS AHEAD

But reaching so many people in such a vast country isn’t just a matter of procuring and distributing vaccines. A big concern is selection of the right vaccine. Some experts are worried about the efficacy of Covaxin, which is still in phase 3 trials. After a dry run in 28 districts, Chhattisgarh health minister T.S. Singh Deo expressed doubts over Covaxin. “There is no data on how long the effect of the immunisation will last. It is better to wait till the results are out,” he says. West Bengal and Maharashtra are two other states to have put a question mark on Covaxin. “Covaxin works on the entire virus even if it has mutations. It is a good back-up option since Covid has various strains now. Phase 3 trials for more data are on,” argues Dr Paul. He adds that those who receive either of the two vaccines will be kept under observation at the vaccination centres for half an hour for potential side-effects.

> A BIG CONCERN IS THE CHOICE OF VACCINE. SOME STATES REMAIN DOUBTFUL ABOUT COVAXIN, PENDING DATA ON ITS EFFICACY

Additionally, two parliamentary panels were set up on January 11 to review the country’s Covid vaccination programme and its management. The panels will meet vaccine-makers, MoHFW officials and health experts to report on India’s vaccine capacity and

COVID VACCINE FAQs

1. Does everyone need to take the Covid vaccine?

Only health and frontline workers will be vaccinated in the first phase. Vaccination is not mandatory for anyone but it is recommended.

2. Why take the vaccine if Covid cases in India are slowing down?

Immunisation cuts down viral transmission and reduces chances of a second Covid wave. Some vaccines also protect against Covid mutations.

3. Which vaccine should I opt for?

Only two vaccines are approved in India at the moment. Covishield has full safety/ efficacy data available while Covaxin is undergoing trials.

4. Are these vaccines safe?

Both vaccines have cleared safety tests. Minor side-effects, such as headache or swelling at the injection site, have been reported. Those receiving the vaccine will be kept under observation for 30 minutes.

5. How do I register for vaccination?

The CoWIN app helps register for a vaccine dose provided one is eligible for it.

6. How many vaccine doses will I need?

Both vaccines require two doses. The CoWIN app will help track the next vaccination appointment.

7. Who will administer the vaccine?

Around 175,000 health workers have been trained in India to administer the vaccine in the first phase.

8. Should I wait for more vaccine candidates to be available?

There is no certainty when more vaccines will be approved for use in India.

***Safety:** Vaccines undergo safety tests to note side-effects and how adverse reactions may be linked to dosage.

***Immunogenicity:** The ability of cells/ tissues to provoke an immune response. Only after all three trial phases of a vaccine can it be determined if the immune response is good enough to protect against a virus and how long the protection will last.

***Efficacy:** Statistical measurement of a vaccine’s overall performance. For instance, 90 per cent efficacy would mean there is a 90 per cent chance the vaccine will protect an individual against the disease provided it is taken in routine circumstances. It is calculated in phase 3 of human trials by looking at the percentage reduction of the disease in the vaccinated group as against the unvaccinated group.

Graphic by TANMOY CHAKRABORTY

the plan for vaccine administration.

Vaccine candidates from Russia and Zydus Cadila are currently undergoing trials in India and might be approved for emergency use in the days ahead. The Pfizer vaccine, which has completed trials and is being used in the US, hasn't been granted approval in India. The vaccine has an efficacy of 90 per cent, far higher than of Covishield. But Indian officials say it is too expensive and prone to greater temperature sensitivity than the two vaccines approved so far. "Despite public health experts raising questions, we have very little clarity regarding the basis on which Covaxin was given approval and who was on the approval committee. Vaccines that have completed trials and are being used in other countries haven't been approved [in India], and we don't really know why since their efficacy is higher and proven," says Malini Aisola, healthcare expert and co-convenor of the All India Drug Action Network (AIDAN).

Of the two vaccines in India, only distribution of Covishield has begun. Each Covishield vial contains 10 doses. Being a live virus vaccine, chances of contamination are high if it is not stored at 2 to 8 degrees Celsius. Given the global shortage of vaccine vial monitors (VVMs), which indicate the temperature inside a vaccine vial, MoHFW has said that there is to be a no open vial policy—the vials will not have any expiry date or temperature monitor, but will not be used four hours after they have been opened. The onus of ensuring this will be on the vaccinators.

Though 170,000 vaccinators and 300,000 vaccination team members have been trained to use the vaccine vials, concern remains over how reliably the vials can be monitored without VVMs. "Vaccination on such a wide scale has never been attempted before, so it is hard to predict the outcome. Cold chain maintenance is crucial for live vaccines," says Virander S. Chauhan, scientist at the International Centre for Genetic Engineering and Biotechnology (ICGEB), New Delhi.

Since Covishield and Covaxin require two doses, real-time recording of data will be done through the CoWIN app, the platform for registering for Covid vaccination. This is to ensure that individuals get their second dose on time and receive two doses of the same vaccine. Dry runs have thrown up problems in data uploads in areas with poor internet connectivity. In Bihar, some ANMs were found to be struggling with using smartphones and uploading data. A training programme was launched for them. Uttarakhand chief secretary Om Prakash and Goa health secretary Amit Satija have raised internet connectivity issues at vaccine centres. "The dry runs were carried out to ensure that the actual vaccination takes place effectively. Feedback has been collected from the states and the problems will be fixed before the drive begins," says Dr Paul.

AWARENESS CAMPAIGNS ASIDE, SOME EXPERTS SUGGEST **ROPING IN PRIVATE HOSPITALS IN THE VACCINATION DRIVE** TO BUILD PUBLIC CONFIDENCE

WILL PEOPLE TAKE THE VACCINE?

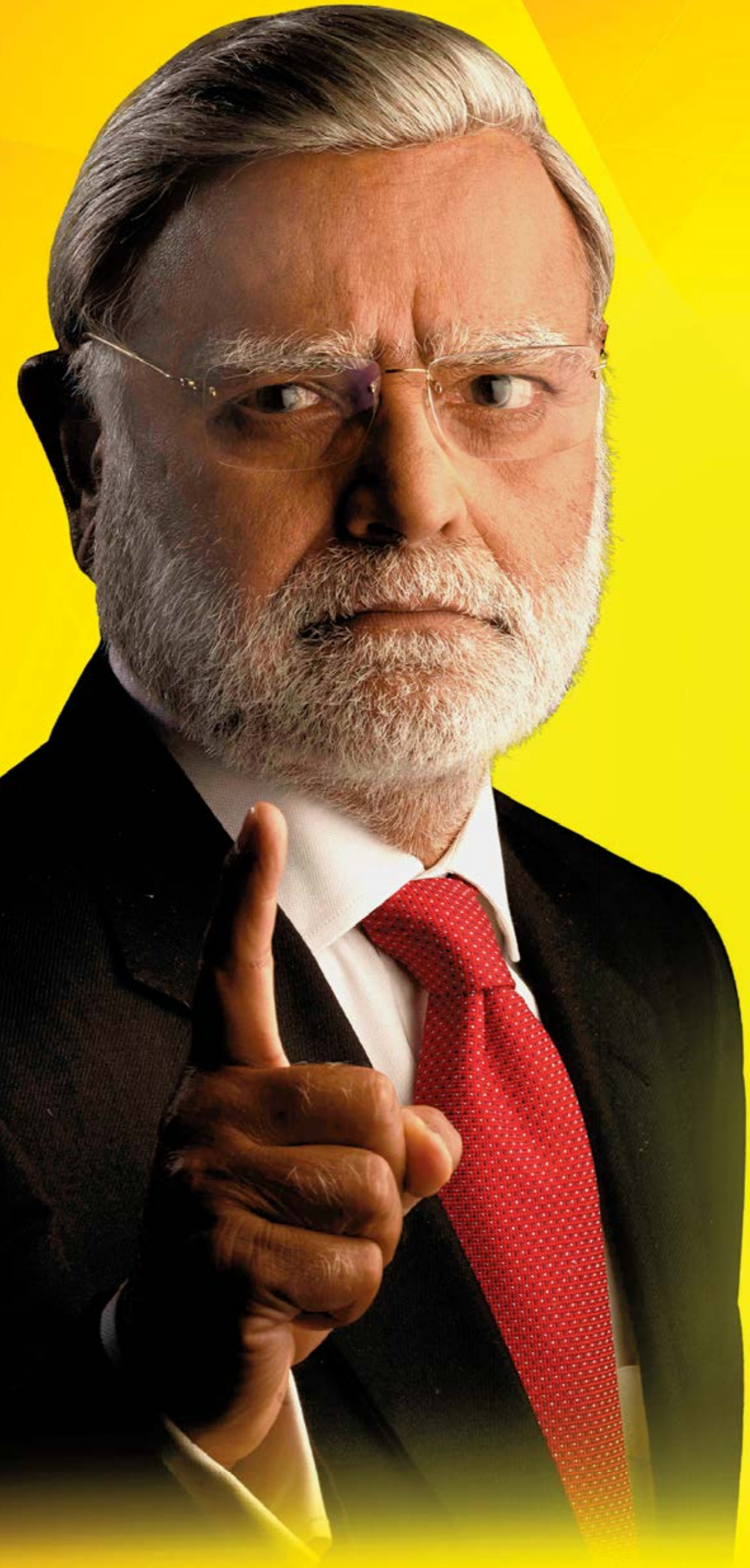
With many states aiming to vaccinate healthcare/ frontline workers and priority groups within six months, there is considerable hope of the Covid vaccines being available to the general public in the second half of the year. However, taking the shot is voluntary, even for healthcare workers. "Nobody will be forced to take the vaccine. We will vaccinate as many as are ready. The purpose is to reduce transmission of Covid," says Dr Balram Bhargava, the director general at the Indian Council of Medical Research (ICMR).

A December 2020 survey by LocalCircles, a community social media platform, among 18,000 people in 242 districts found nearly 70 per cent unwilling to take the vaccine. Within the health community itself, vaccine expert Dr Gagandeep Kang has said she will not opt for Covaxin until its efficacy is known. Among the politicians who followed suit are Shashi Tharoor and Akhilesh Yadav. "So much doubt has been raised over India's vaccine approval process. I would rather fly to a Gulf country and take the Pfizer or Moderna vaccine," says Chandni Ghosh, a teacher from New Delhi.

Ganesh Reddy, secretary of the NGO Citizens Foundation, says that while preparations seem afoot, the government may eventually involve social organisations to spread awareness about the importance of getting vaccinated . To counter public scepticism, Telangana has begun an awareness programme. On taking the first dose, beneficiaries are sent phone messages about the importance of completing the second dose. Uttar Pradesh is taking steps to prevent misinformation campaigns. "Police cyber teams in the districts have been put on the job of preventing rumourmongering about the vaccine on social media," says UP ADGP Kumar.

Awareness drives alone may not help. Experts suggest involving private hospitals in the vaccination. "People still have very low trust in public healthcare. It is a result of years of neglect. Public trust is also low because of lack of transparency in the vaccine programme," says Dr Mira Shiva of AIDAN. The first few phases of Covid immunisation will most certainly be run through the public healthcare network in order to keep costs low and ensure equitable reach. In the long run, though, partnership with private players and approval for more vaccines might be necessary to build public confidence for the Covid vaccination drive. ■

with **Amitabh Srivastava, Ashish Misra, Amarnath K. Menon, Rohit Parihar, Rahul Noronha and Romita Datta**



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LAW AND DISORDER

The courts step in to end the impasse between farmers and the government, but the farmers want nothing less than a repeal of the farm laws

BY ANILESH S. MAHAJAN

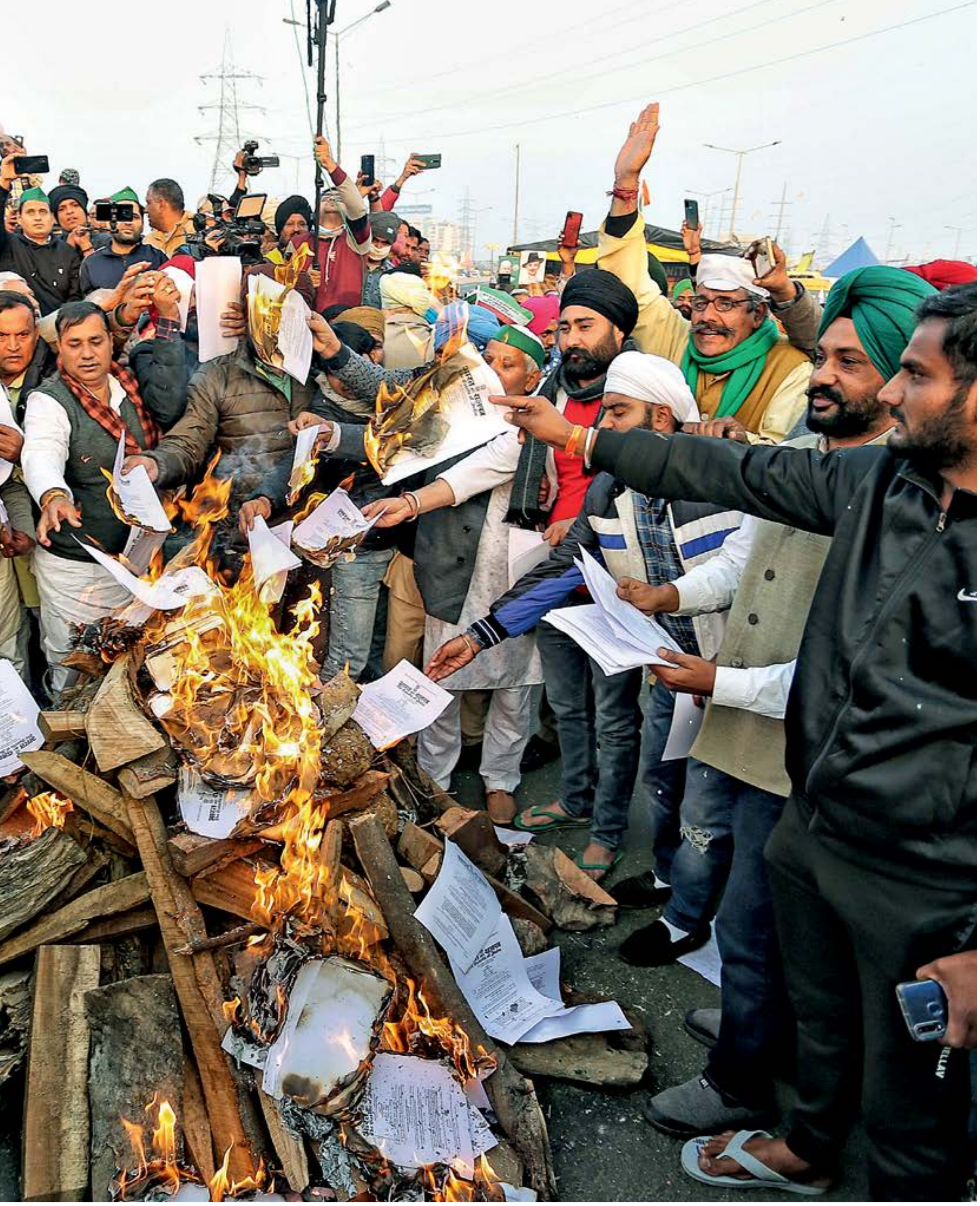
NEW DAWN Farmers burn copies of the new farm laws while celebrating Lohri at the Ghazipur border protest site in Delhi

As the national capital settled in for its coldest winter in the past 15 years, it did little to thaw the tensions between the government and the protesting farm unions. However, in a 'dramatic' intervention on January 12, the Supreme Court bench of Chief Justice S.A. Bobde, A.S. Bopanna and V. Ramasubramaniam suspended the implementation of the new farm laws and set up a four-member expert committee to hear the farm unions. But if they thought this would placate the agitating farmers, they were mistaken, as the farmers refused to appear before the expert committee, saying they would rather continue the dialogue with the Centre. They are also sticking to their demand of a complete rollback of the new Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020, the Farmers' (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020 ,and the Essential Commodities (Amendment) Act 2020.

The farmers' unions have been on the warpath since September 22, when Parliament cleared these laws which, if Prime Minister Narendra Modi is to be believed, will usher in Farm Revolution 2.0. The unions laid siege on the outskirts of the national capital Delhi, blocking the borders connecting neighbouring Haryana at Tikri and Singhu villages.

Incidentally, the bench was hearing a petition seeking to vacate the farmers' outfits from the protest sites, and not the constitutionality of the laws. But if the court was looking to reduce the trust deficit with the agitating farmers, it failed miserably. The four experts chosen by the court—agriculture economists Ashok Gulati and P.K. Joshi, and farm activists Bhupinder Singh Mann and Ashok Ghanwat—all support the new farm laws, with Gulati even hailing it as agriculture's 1991 moment.

The SC's orders invited criticism on two counts, the first being that the justices gave no reason as to why they were staying the new farm laws, especially when the judiciary in the past has been wary of trespassing into executive and legislative powers on such matters. Then, the court has not taken up the urgent issue of the constitutionality of the new laws which the farmers' associations and some opposing state governments had wanted. Also, by not ensuring



ANI

WHAT THE SC ORDER SAYS

- **Stays implementation of the farm acts. The agitating farmers welcome it, but still adamant on repeal of laws**
- **Sets up four-member panel to hear concerns of farmers' unions, asks for report in two months**
- **MSP system to be maintained until further orders**
- **Farm holdings to be protected; no farmer will be dispossessed/deprived of title as a result of any action taken under the new farm laws**

> **"Several farmers' groups have submitted letters of support to us... but we are ready to abide by any decision that the Supreme Court makes"**
>
> Narendra Tomar, Agriculture minister

that the four-member committee was acceptable to both the government and the agitating farmers, the SC effort to mediate a solution was criticised by many as partisan and unjust.

Later in the evening on January 12, farm leaders like Bharatiya Kisan Union (BKU)-Rajewal group chief Balbir Singh Rajewal and Krantikari Kisan Union chief Darshan Pal Grewal said they would not engage with the committee "even if they change the members", adding that they understand this was a ploy "to defuse pressure on the government and divert them from finding a solution". Leaders of the farmers' organisations are scheduled to meet the three Union ministers deputed by the government for the eighth round of discussions on January 15, but there is almost no chance of a result with both sides adamant on their stand. Meanwhile, the agitators plan to spur things on, which started with a symbolic burning of copies of the new farm laws on January 13. There will be protests by women farmers on January 18,

BEYOND THE PALE

Eight rounds of talks, a few concessions from the government, but there's no getting around the repeal-the-laws bugbear

Round 1, Oct. 14: 31 farmers' organisations from Punjab walk out of a meeting with agriculture secy Sanjay Aggarwal, saying they'll talk only to political leadership

Round 2, Nov. 13: Agriculture minister Narendra Tomar gives presentation on farm laws, farmers share their apprehensions. Farmers agree to end protests on railway tracks in Punjab

Round 3, Dec. 1: Union ministers Tomar, Piyush Goyal and Som Prakash propose a five-member committee to look into objections. BKU splinter group led by Rakesh Tikal, AIKS and CPI(M) leader Hannan Mollah, Shiva Kumar from MP and Yogendra Yadav demand an equal footing in consultations. Farmers' bodies list demands, want complete rollback of five laws, newly-enacted ordinance on Air Quality Management in Delhi-NCR and the Electricity Bill 2020

Round 4, Dec. 5: Tomar makes presentation on new laws, promise that valid concerns would be addressed. Farmers' groups

women farmers' day, while two other protests are planned for January 20 and 23, the birthdays of Guru Gobind Singh and Subhas Chandra Bose respectively. Then there's the mega rally on Republic Day with plans to move 5,000-odd tractors into New Delhi. The budget session of Parliament begins on January 29, and the Opposition is sure to grill the government on the issue.

> **"We are not party to the SC case, and will not appear in front on any committee. These laws must be repealed"**
>
> Balbir Singh Rajewal, BKU (Rajewal)

THE STALEMATE CONTINUES

The situation has become fraught for the government as well as the farmers' organisatios. Leaders of the ruling BJP fear the impasse will erode the political capital the party has among the farming community in the north Indian states. Meanwhile, party MPs worry about ensuring floor management to ensure a smooth budget session.

The SC bench upheld the right of the farmers to protest, and asked them to seek permission of the Delhi Police to use the Ramleela grounds in the capital. A big worry for the farmers' groups is the alleged infiltration of pro-Khalistan and pro-Naxal groups in their midst. Despite the best efforts of the farm leaders, posters of Khalistani militants, including the slain Jarnail Singh Bhindranwale, have popped up at the protest sites and there have been stray incidents of pro-Khalistan sloganeering. Attorney general K.K. Venugopal claims activists of Sikhs for Justice, a pro-Khalistan organisation based in the US, have infiltrated the protests and is filing an affidavit with the Intelligence Bureau's report on this.

Punjab witnessed violence from the late 1960s on, first from pro-Naxal outfits and from the late '70s to the late '90s by the pro-Khalistan outfits. Both these movements had a groundswell of support among the rural peasantry. Sensitivities are high as Punjab is a frontline state and with Pakistan ever willing to fish in troubled waters, any dissonance, especially among the youth, could be used to revive Khalistan sentiments.

The situation has become more complex as the Sikh community is now a dominant presence in Canada as well as in the UK. Despite diplomatic pressure from India, Canadian prime minister Justin Trudeau refused to withdraw his support to the farmers' protests. It's no surprise for, back in Ottawa, his survival on the treasury benches is dependent on support from the New Democratic Party whose chief Jagmeet Singh Dhaliwal's views on Khalistan are well documented.

Meanwhile, since December 20, the central and Haryana and Punjab investigative agencies have been raiding various locations on the suspicion that foreign funds were coming in to incite violence. The protests also got some bad press after some 2,000 mobile towers of Reliance Jio were damaged in Punjab. Jio later moved court to seek police protection for their property. Then, on January 10, a BKU splinter group in Haryana ransacked the venue of chief minister Manohar Lal Khattar's pro-farm law 'Kisan Mahapanchayat' event at village Kaimla in Karnal. The cops were forced to use water cannons and tear gas to disperse the mob.

BKU leader Rajewal maintains the protests have by and large been peaceful, and decried the bid by sections of the media to connect it to the Khalistan movement. Krantikari Kirti Kisan Union president Dr Darshan Pal says, "We haven't let political parties use our platform, how could we let fundamentalists exploit it? There is no question of any Khalistan angle to this, it is a farmers' movement."

TRUST DEFICIT

Those ranged on the side of the government argue that the farmers are being obdurate in insisting on a repeal of the new laws even after the government has offered to remain adamant on repeal

Round 5, Dec. 8: Home minister Amit Shah jumps in, accepts most deficiencies

in farm laws and proposes amendments along with a written assurance on MSP and corrections in the electricity bill and air pollution control ordinance. Farmers reject proposal, says laws must be repealed

Round 6, Dec. 31: Centre agrees to two demands, dropping penal provisions in ordinance on stubble burning and putting on hold electricity amendment law

Round 7, Jan. 4: Tomar wants clause by clause discussion on farm laws, farmers remain adamant on repeal

Round 8, Jan. 8: Ministers refuse to repeal the farm laws, says farmer leaders can move SC to

challenge it. Farmer's organisations reiterate repeal-the-laws stance, but agree to meet again on January 15

give in to most demands. But farmers' representatives point out that assurances not written into the law cannot be trusted to prevail over the new laws. Rajewal argues that the laws are made on an incorrect premise of the Concurrent List meant for trade and commerce and not agriculture. Entry 33 in the Concurrent List in Schedule 7 of the Constitution allows the Centre to make laws for production, supply and distribution of goods including foodstuff. Constitution expert and senior advocate Anupam Gupta says the Centre has used this to dodge the agriculture marketing and taxing of agriculture produce trap, which he says are state subjects.

In his petition, advocate M.L. Sharma, representing one of the BKU splinter groups, argued that the 1954 Amendment Act of the Constitution, which had included production, supply and distribution of foodstuff in the Concurrent List, was passed in an improper manner. He argued that including production of foodstuff in the Concurrent List is unconstitutional. Rajewal, on the other hand, argues that 'foodstuff' refers to 'processed food' only. The government's unambiguous stand was explained to farmers on December 9, when Union home minister Amit Shah clearly told them that all legal opinions were taken into consideration before framing the new laws. Agriculture minister Narendra Tomar says several farmers' groups have expressed their support for the farm laws. "They have met me, submitted support letters, and they will also be issuing press statements. We are ready to accommodate, clarify or alter any clause the farmers' outfits are unhappy with, but repealing of the laws is not possible," he says.

"Pro-Khalistani groups like Sikhs for Justice have infiltrated the protests. We'll submit the IB report along with an affidavit on this"

K.K. Venugopal,
Attorney General

POLITICAL FALLOUT

Punjab is getting into poll mode, first with the elections to 164 local bodies on February 20, followed by the elections to the parliament of Sikhs, the 170 elected members of the Shiromani Gurdwara Prabandhak Committee (SGPC). All this leads up to the assembly election, which is due in February next year. The rural peasantry was traditionally aligned to the Shiromani Akali Dal (SAD), but since 2014 they have gradually shifted to AAP and then to the Capt. Amarinder Singh-led Congress. The farmers' bodies have till now not allowed any political party to even share the protest stage. But the Congress, SAD and AAP MLAs in Punjab are sending cadre to the agitation.

Several cabinet ministers in Punjab, along with senior Akali leaders, admit that the farm movement has disrupted the political scenario in the state. Although the agitating farmer leaders have denied political ambitions, political analysts like author Jagtar Sandhu believe it's possible if the movement remains open-ended. In that case, this might erode not just SAD's vote base, but those Panthic voters who migrated to AAP and Congress earlier may switch to the 'new outfit'.

Meanwhile, in Haryana, the BJP-led alliance government is facing the heat; seven of the 10 MLAs of ally JJP (Jannayak Janta Party) are backing the agitating farmers along with former Union minister and BJP leader Birender Singh. Khattar's deputy and JJP leader Dushyant Chautala, his mother and Badhra MLA Naina Chautala, and minister Anoop Dhanak are the only ones toeing the government line, but they too are saying that the MSP on crops should continue and must get legal statute. Khattar's minority government is also dependent on independent MLAs. Two of them, Bajraj Kundu and Sombir Sangwan, have already withdrawn support whereas the two others, Dharam Pal Gonder and Randhir Golan, are backing the agitation but haven't pulled out as yet. This could spell trouble for Khattar, especially with ex-chief minister B.S. Hooda of the Congress champing at the bit to prove his suzerainty over the Jat-dominated region once again. ■

TIME FOR BIG SPENDING

Budget 2021 carries major expectations—the government needs to rescue the economy from a morass of falling growth, demand and investment

By M.G. ARUN AND SHWWETA PUNJ

WHEN FINANCE MINISTER NIRMALA SITHARAMAN presents Budget 2021 on February 1, the circumstances that she will do so in will be, without doubt, exceptional. The Covid-19 lockdown last year was an economic earthquake of sorts, comparable to the global financial crisis sparked off by the collapse of Lehman Brothers in September 2008. D.K. Joshi, chief economist at Crisil, says, "No other budget compares as closely to the upcoming one as the one that followed the Lehman Brothers crisis." Thanks to the fiscal stimuli rolled out in 2008-09, India emerged rather unscathed from that crisis, though the splurge seeded other problems, including a spate of corporate bankruptcies and mounting bad loans in the following years.

Sitharaman's 2021 budget comes against the background of a recession, with growth in two consecutive quarters in the red (-23.9 per cent in the first quarter of fiscal 2020 and -7.5 per cent in the second). The economy is set to post negative growth for fiscal 2020 as a whole, at an estimated -7.7 per cent. There have only been four instances when budgets have been presented in times of negative growth—1958-59, 1966-67, 1973-74 and 1980-81.

In May last year, to address the cratering economy, the Centre announced the Atmanirbhar Bharat Abhiyan, a Rs 20 lakh crore stimulus that amounted to 10 per cent of India's GDP (including Rs 8 lakh crore of RBI interventions to boost money flow and provide succour to businesses). However, experts say that much more needs to be done. At the same time, Sitharaman will have to grapple with a ballooning fiscal deficit. The unexpected costs of the pandemic will result in the deficit overshooting the targeted 3.5 per cent of the GDP set for this year by a huge margin, with some estimating it could end up as high as 7 per cent of the GDP. That would make high spending in the coming budget even more difficult.

-7.7%

GDP GROWTH PROJECTED FOR 2020-21

A NEW DIRECTION

But spend Sitharaman must, if the economy is to return to its trend growth rate of 5-6 per cent by 2022-23 and use that as a springboard for higher

GETTY IMAGES

^ **IN THE HOT SEAT**
Finance Minister Nirmala Sitharaman at a press conference in November 2020

ECONOMIC SHOCK A real estate project halted during the lockdown, in Greater Noida

growth as the long-term benefits of the measures announced under the Atmanirbhar Bharat Abhiyan kick in. Over the years, many governments have announced major spending outside the Union budget. But the budget is also a signpost, an opportunity for the government to signal its economic plans to get India onto a higher growth path. “A good budget would include a big directional change for India, because this is an opportunity for such a change,” says a Mumbai-based economist. Some past budgets, like the one in 1991, which took India towards a market-driven economy, or the 1977 budget which expanded the excise net in a push for revenues, have been considered direction-changing.

The economic and political backdrop of the budget presentation this year is significant. India’s economy has recovered faster than many expected. GST (goods and services tax) collections have rebounded after falling drastically in the lockdown months, with December collections at an all-time high since the tax was implemented in July 2017—Rs 1.15 lakh crore. Foreign exchange reserves, at $585.3 billion (about Rs 42 lakh crore) in the first week of January, are at a lifetime high. Power consumption is back to pre-Covid levels and active Covid-19 cases are down by nearly 80 per cent. However, while the tide seems to be turning, the economy is clearly not out of the woods yet. According to CMIE (Centre for Monitoring Indian Economy), urban unemployment surged to 8.8 per cent in December from 7 per cent in November, while rural unemployment shot up to 9.2 per cent from 6.2 per cent. The demand for jobs under MNREGA (the Mahatma Gandhi National Rural Employment Guarantee Act) is higher than pre-Covid levels. The MSME (micro, small and medium enterprises) sector still needs support and, if there is a new wave of infections, health budgets and infrastructure will be further stretched. The Chinese aggression on the border will weigh on the budget, as will the agitating farmers who have laid siege to New Delhi. The government may not want to come across as pro-corporate at this particular juncture.

₹24.2
LAKH CRORE
BUDGETED TAX COLLECTIONS 2020-21

₹7.2
LAKH CRORE
GROSS TAX COLLECTIONS APR-SEP 2020

THE RIGHT PRIORITIES

Given these circumstances, what should the government’s priorities be in this budget, and where will it find the resources to fund its spending? INDIA TODAY spoke to a cross-section of economists (see *A Recovery Plan*) and industry leaders (see sectoral analyses in this story) to gauge their expectations, predictions and hopes. There is, by and large, a consensus that the government should spend much more, and should not be constrained by its FRBM (Fiscal Responsibility and Budget Management) targets. Most experts agree that the government should target a fiscal deficit between 5 and 7 per cent of the GDP for the next fiscal, although some have cautioned against overspending. (With India’s GDP at about Rs 200 lakh crore, every 1 percentage point relaxation in the fiscal deficit target allows Rs 2 lakh crore of spending.) Healthcare has emerged as a top priority in the wake of the pandemic. A higher budgetary support to states to build better health infrastructure and support for ensuring an efficient vaccine rollout and distribution have been mooted as key focus areas. The government has already given emergency clearance to two vaccines—Covishield, developed by Oxford and AstraZeneca and manufactured by India’s Serum Institute, and Covaxin, developed by Bharat Biotech—with the vaccination drive slated to begin January 16. Improving health infrastructure is critical as India has only five beds per 10,000 population, as against a benchmark of 21 beds for developing countries and 27 for the world. Experts say the government should increase its

CHANDRADEEP KUMAR

REAL ESTATE

Sector size	Contribution to GDP	Employment generated
₹8.8 LAKH CRORE	4.3 PER CENT	52 MILLION

KEY ISSUES

➜ In 2020, housing sales in seven major metros (Delhi, Mumbai, Pune, Bengaluru, Hyderabad, Chennai and Kolkata) fell 47 per cent year-on-year to 138,000 units

➜ This year, the supply of new housing is likely to fall 46 per cent, to 128,000 units, in the same metros

SILVER LINING

➜ Sales rose in Q3 & Q4 2020 following discounts by developers and falling interest rates on home loans. Mumbai and Bengaluru saw the highest sales

KEY SUPPORT MEASURES

❶ Covid-19 related disruptions will be considered 'force majeure' under RERA. Registration and project completion timelines have been extended by six and nine months, respectively

❷ The credit-linked subsidy scheme for middle-income families (with annual incomes between Rs 6-18 lakh) is to be extended till March 31, 2021

❸ An additional outlay of Rs 18,000 crore has been set aside for the Centre's PMAY-U housing scheme

❹ The permitted differential between agreement values and circle rates has been increased from 10% to 20% till June 30, 2021–a relief to first-time buyers and sellers

EXPERT SPEAK

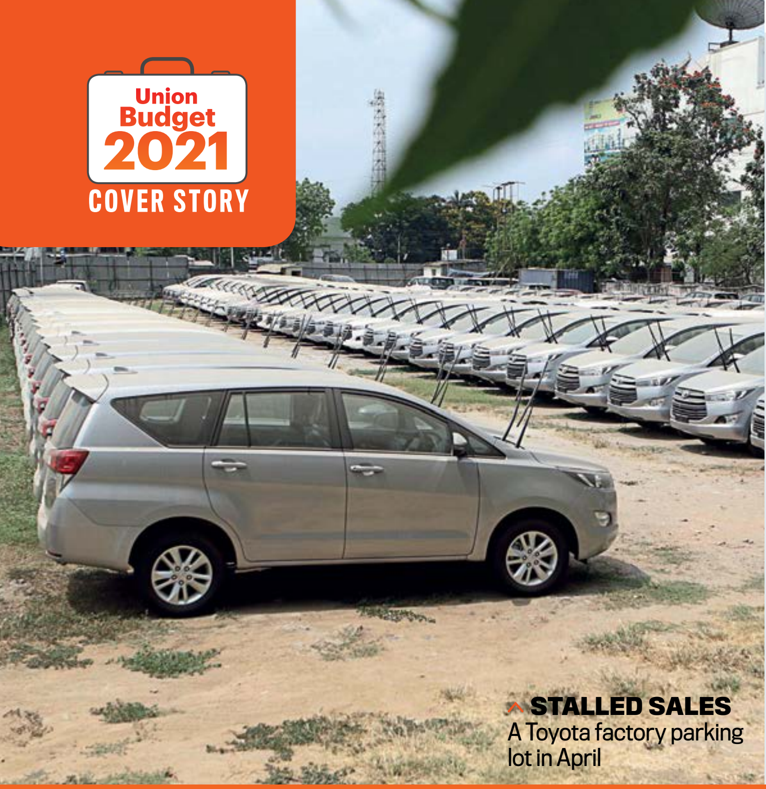
Niranjan Hiranandani,
Founder & MD, Hiranandani Group

Does the uptick in sales in the past two months signal a revival of demand?
As 'Mission Unlock' was rolled out, economic activity gradually resumed. Structural interventions, such as the Maharashtra government reducing stamp duty, the lowering of interest rates by banks and the flexible payment schemes offered by developers were triggers for the increased sales. The renewed consumer confidence as a result of favourable market conditions and the increased significance of owning a home with regards to safety and stability will fuel demand in 2021. Finally, the reduction in premiums across the board for ongoing and new projects under the DCPR 2020 (Development Control and Promotion Regulations) till December 31, 2021, will foster growth.

What measures do you hope to see in the budget for the real estate sector?
➜ Lifting the ban on subvention schemes and enhancing loan-to-value ratios up to 90 per cent across the board will play an important role in positively impacting buyer sentiment.
➜ Allowing income tax deductions for interest paid on home loans (without any ceiling), bringing long-term capital gains tax down to 10 per cent and reducing the period for which home buyers must maintain ownership (to 12 months) to qualify their properties as long-term capital assets will help buyers.
➜ From an industry perspective, permitting a one-time restructuring of loans, doing away with the requirement of units being 'standard units' and permitting restructuring for all units as per mutual agreements between financers and borrowers will help.
➜ Permitting external commercial borrowing by the sector, reforms for special economic zones, including extending notification dates and the withdrawal of minimum alternative tax would also help.
➜ Regarding finance, the risk weightage of loans to developers should be commensurate with that in other industries. Banks should fund all aspects of real estate projects, including land, premiums, approval and construction costs.

Could you identify two measures that the Centre should implement to set the economy onto a high growth path?
Two interventions that will bring the economy onto a growth path include a rationalisation in taxes and ensuring that regulatory aspects for ease of doing business remain benign through 2021.

–M.G. Arun



STALLED SALES
A Toyota factory parking lot in April

JAISON G

healthcare spending from the current 1.5 per cent of the GDP to 2.5 per cent.

While the Covid-19-induced lockdown had crippled businesses, several industries have by now limped back to near-normalcy in sales, though they still bear the scars of the lockdown months. Manufacturing has seen a rebound, especially in the automotive sector, although sales numbers are still a far cry from those in good years like 2018-19. The services sector, including hotels, travel and tourism, has been the hardest hit, and continues to be so. "This is a time to support the nascent recovery in some sectors in manufacturing," says Joshi. "Also, we need to focus on sectors that have seen no growth at all, such as services."

Financial year 2021-22 will see a double-digit jump in year-on-year growth, but much of that increase will only reflect the really low base in the previous fiscal. However, the government could use the positive sentiment to push for bigger reforms in manufacturing, say experts. "There is an opportunity to become a big player in the global supply chain," says Nilesh Shah, MD of Kotak Mahindra Asset Management. "All our competitors are better in terms of infrastructure and decision-making, but they don't have a domestic market like ours." He says that the production-linked incentive (PLI) scheme announced under the Atmanirbhar Bharat Abhiyan is a game-changer. The PLI scheme gives companies incentives on incremental sales from products manufactured in domestic units. "If the scheme is executed well, it will add 1.2-1.5 per cent to the GDP," Shah adds.

AUTOMOTIVE

Sector size	Contribution to GDP	Employment generated
₹8.7 LAKH CRORE	4.2 PER CENT	19.1 MILLION

KEY ISSUES

- ➜ The sector was struggling even before the lockdown. It saw 18 per cent degrowth in 2019 because of a slowing economy and high prices following new regulations
- ➜ April 2020 saw zero vehicle sales across India
- ➜ Car sales in this fiscal year are expected to be 25 per cent below those in 2018-19

SILVER LINING

- ➜ The 2020 festive season (Oct-Dec) came as a relief. Most manufacturers posted higher wholesale growth in December on a year-on-year basis—Maruti Suzuki's passenger vehicle sales grew 14.6 per cent and Hyundai's, 25 per cent

EXPERT SPEAK

R.C. Bhargava,
Chairman, Maruti Suzuki

How would you rate the auto industry's performance in the recent past?
The industry has been going through a rough patch, with a declining growth rate. From 2005 to 2010, the industry grew at a compounded annual growth rate of 12.9 per cent. From 2010 to 2015, the growth rate fell to 5.9 per cent. Over the following five years, growth was as low as 1.3 per cent.

2019-20 was a bad year—prices rose because of regulatory changes, affecting demand, and there are more such changes in the offing. It is only by 2021-22 that we may catch up with the growth we saw in 2018-19. Our approach to private entrepreneurship needs to change.

What are your expectations from the budget?
As far as Maruti is concerned, we don't have the capacity to do much more than this. More than creating demand, there needs to be serious thought as to why investments are falling. Investments have to be made at least two years in advance for capacity to come up as expected. The question is, how can the government give confidence to the industry to invest?

Is there a key issue that needs to be addressed for the economy at large?
Indian manufacturing needs to become more competitive. For this, the industry and the government must work together. If manufacturing grows faster, the economy will also grow accordingly. The main driver for employment, even in the services sector, is manufacturing, due to the huge aftermarket. The industry is picking up, but there is not much difference compared to, say, three years ago.

—M.G. Arun

^ **MULTIPLIER EFFECT** A flyover being constructed in Mumbai

JAISON G

INFRASTRUCTURE

Sector size	Contribution to GDP	Employment
N/A	N/A	500 million man-days in roadworks in the past 4 years

KEY ISSUES

➜ New projects plunged to a 16-year low in the quarter ended June 2020, as per CMIE data

➜ There is no clarity on how the government will fund the huge existing pipeline of infrastructure projects

➜ Many projects are mired in red tape and are suffering delays as a result of problems in land acquisition

SILVER LINING

➜ The Centre launched the National Infrastructure Pipeline in its last budget. This envisaged the completion of 7,300 infra projects at a total cost of Rs 111 lakh crore from 2020-25

➜ The government is looking to set up a development finance institution to fund these infrastructure projects

EXPERT SPEAK

Vinayak Chatterjee,
Chairman, Feedback Infra

Where do infrastructure projects stand in terms of the government's focus and implementation?
The Centre has broadened its focus from heavy construction projects like highways. In the past three years, there has also been major spending on 24x7 electricity and water connections for households. The other real push has been in railways, such as metro rails for cities, the Dedicated Freight Corridor, the bullet train and so on.

Are you satisfied with the progress of the NIP (National Infrastructure Pipeline)?
The allocation for infrastructure in the last budget was Rs 4.12 lakh crore, but in the first six months, capital expenditure fell by 27 per cent. Though it picked up significantly in the Oct-Nov period, I suspect that by March 31, we will fall short of the spending target. This budget will have to make up the shortfall.

What measures do you expect from the budget to boost infrastructure?
My expectation is that the finance minister will increase the fiscal deficit by two percentage points and allocate the funds to public works and infrastructure creation, including in healthcare. A two percentage point relaxation of the fiscal deficit releases an additional Rs 4 lakh crore. Added to last year's allocation, this takes the total possible expenditure on infrastructure to Rs 8 lakh crore.

However, the question is that since the NIP envisages an expenditure of Rs 20 lakh crore per annum but the maximum capacity of the Union budget to finance the NIP is Rs 8 lakh crore, where will the balance Rs 12 lakh crore come from? Private investors won't put in the money. Public sector units such as the National Thermal Power Corporation, Coal India and other state PSUs can together put in Rs 3-4 lakh crore. State government finances are in tatters and they may just be able to put in another Rs 2 lakh crore.

Will the budget implement a development finance institution (DFI)?
In principle, the government has accepted the idea of a DFI to fund the NIP. It could be a major budget announcement, and a draft bill is also being made ready.

However, we need to have shovel-ready projects. Infrastructure projects normally have a developmental cycle of four years. India needs to have Rs 80 lakh crore of shovel-ready projects in the next three-four years.

—M.G. Arun

ESSENTIAL SERVICES
A worker at an MSME workshop in New Delhi

A FOCUS ON INFRASTRUCTURE

Another big area that the government needs to focus on is infrastructure. In the previous budget, it had launched the National Infrastructure Pipeline (NIP), envisaging the completion of 7,300 projects valued at Rs 111 lakh crore in the 2020-25 period. However, raising Rs 20 lakh crore every year for these projects will be enormously challenging. The Centre's move to set up a development finance institution (DFI) to fund infrastructure projects is looked upon with much anticipation, and an announcement regarding this is expected in the budget. Investing in sectors such as housing, construction and infrastructure will have high multiplier effects. Construction is also a major employment generator.

The real estate sector, which has for long been saddled with high inventories and weak demand, is looking up. This trend is especially visible in Maharashtra, where the state government, in August, reduced stamp duty on transactions between September 1 and December 31, 2020 by three percentage points and by two percentage points for transactions between January 1

MSMEs

Sector size	Contribution to GDP	Employment generated
63.4 MILLION UNITS	29 PER CENT	110 MILLION

KEY ISSUES

- ➜ Access to finance is a problem. While the moratorium on interest payments helped, many MSMEs still struggle to make payments
- ➜ The new rules for reporting NPAs—under which a payment delayed for 30 days leads to a loan account being classified as 'special mention'—could cause many loans to MSMEs seeing increased scrutiny

SILVER LINING

- ➜ To support the sector, the government has made an effort to increase purchases from MSMEs; between January and October 2020, there was a 25 per cent increase in public procurement from such firms

KEY SUPPORT MEASURES

① The government has implemented an emergency credit line for the sector totalling Rs 3 lakh crore. The available credit is 20 per cent of credit outstanding as of Feb 29, 2020

② A similar measure is Rs 20,000 crore of subordinate debt for MSMEs. Under this scheme, promoters are issued debt by banks, which is then infused into the firm as promoter equity

③ The government has also set up a Rs 50,000 crore 'fund of funds' for additional equity infusion

④ To promote domestic procurement, global tenders are disallowed for procurements valued up to Rs 200 crore

⑤ The government has implemented a new classification system for MSMEs to encourage growth

RAJWANT RAWAT

and March 31, 2021. The state government also recently announced a 50 per cent rebate on the various premiums collected for construction of all housing projects, applicable till December 31, 2021. Experts add that the wealth coming in from the booming stock market is also giving the real estate sector some much-needed momentum. This provides a good opportunity for the government to further support the sector by providing sops. Industry players hope for more interventions to boost demand. These include allowing income tax deductions against home loan interest payments (with no upper limit), bringing down the capital gains tax to 10 per cent, lifting the ban on subvention schemes and permitting external commercial borrowing by the sector.

One economist moots the idea of the government getting into building social housing, which could serve both an economic and a political purpose. Although schemes like the Pradhan Mantri Awas Yojana already exist to incentivise beneficiaries to build, in countries like China, the government has entered into building social housing projects. This alone could have a large multiplier effect on economic output. “I don’t think this government believes in a pure demand push, so there is a view that the government could focus on infrastructure spending,” says an economist. “The government could borrow about Rs 1.5 lakh crore on behalf of the states to compensate for any shortfall in revenue,” he adds.

BOOSTING DEMAND, INVESTMENT

One area that most experts say the Centre needs to pay attention to is boosting consumption expenditure. There are many factors driving this down—for instance, the recovery in manufacturing also came on the back of major job and salary cuts, which curtails consumption. Most do not argue for lower tax rates to boost demand, as the beneficiaries may be those who can afford to pay in any case. With the recent buoyancy in GST collections being seen as a welcome development, tinkering with indirect taxes is also not seen as an option. But an urban equivalent of MNREGA that can create jobs and provide social security to a large section of the population, direct cash transfers and enhanced public investment in infrastructure are seen by many as potential drivers of demand. Encouraging more investments on the ground is equally important. New project announcements in India plunged to a 16-year low in the quarter ended June 2020, as per CMIE data. That means the government will need to keep boosting public expenditure, while building more trust and confidence among private investors.

Madan Sabnavis, chief economist with Care Rat-

₹ **2.14**
LAKH CRORE
DISINVESTMENT TARGET FOR 2020-21

₹ **11,006**
CRORE
REVENUES FROM DISINVESTMENT SO FAR THIS FISCAL

EXPERT SPEAK

Anil Bhardwaj,
Secretary general, Federation of Indian Micro and Small & Medium Enterprises

How severe are the production issues in the MSME sector?
Many factories have closed because of the lockdown. There has been a steep decline in production and sales because of issues like transport not functioning and payments being stuck. We are miles from normalcy; we expect 2021-22 to be a period of muted growth for MSMEs. The sector is still far from normal levels of production, and requires special flexibilities.

What sort of flexibilities?
We propose flexibility be given to banks for loan sanctioning. The Basel norms (supervisory standards in the banking sector) were finalised during years of robust growth. They are now a handicap. The government and the RBI should consider suspending these for a few years. One problem is the way NPAs are identified—it is completely automated. If a payment is delayed for 30 days, the account is automatically classified as a ‘special mention’ account.

What impact has the government’s credit scheme had on the sector?
The scheme has benefitted companies that had taken loans, but only about 10 per cent of MSMEs have institutional funds. The industry has responded well to the Trade Receivable Discounting System, which gives routinely cash-strapped MSMEs a method of raising funds by selling trade receivables from corporates.

What measures do you hope for in the budget to boost the MSME sector?
The Insolvency and Bankruptcy Code only has provisions for large firms—there are no specific provisions for MSMEs. This is one change we hope to see. We also hope there is an easing of the Foreign Exchange Management Act and that banks are given greater flexibility in lending.

—Shwweta Punj

BANKING

KEY ISSUES

- ➜ The complications of the Covid-19 lockdown—like the moratorium on interest payments and the emergency credit line guarantee scheme—will add to existing troubles
- ➜ The RBI's financial stability report says that gross non-performing assets are expected to rise to 13.5 per cent of advances by Sep 2021, up from 7.5 per cent in the same month in the previous year
- ➜ There is an urgent need for recapitalisation of public sector banks, despite capital infusions totalling Rs 3.16 lakh crore being done from 2016-2020
- ➜ Misgovernance and fraud are persistent problems; in 2019-20, Indian banks lost Rs 1.85 lakh crore to fraud

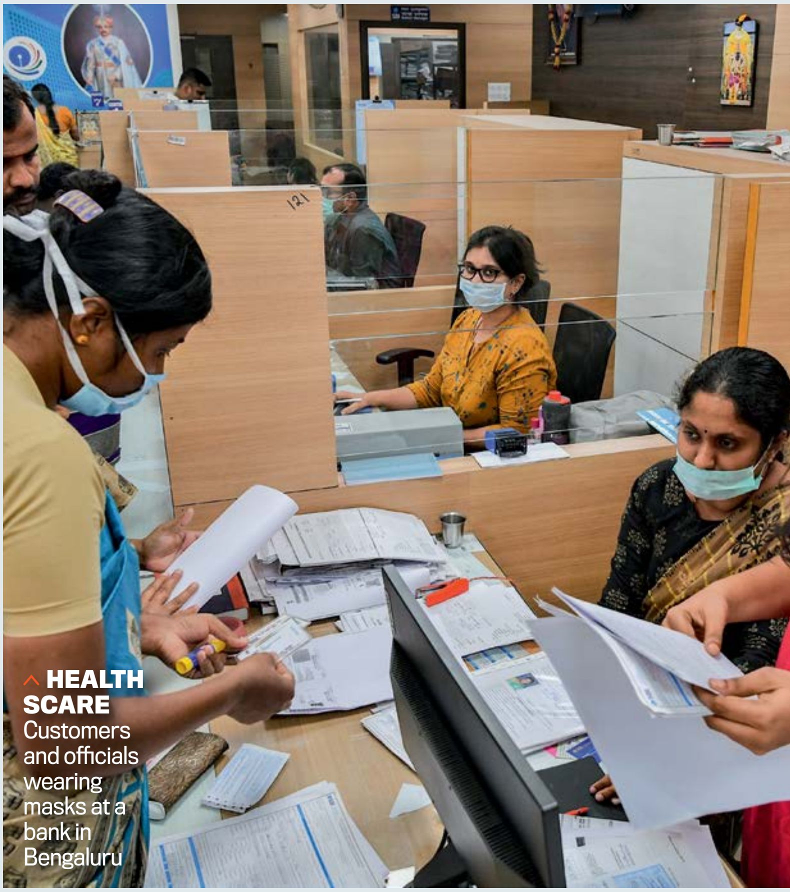
SILVER LINING

- ➜ The government has approved the merger of 10 public sector banks into four, which it says will transform the competitive landscape
- ➜ Between 2015-16 and 2019-20, digital payment volumes have grown at a compounded annual growth rate of over 55 per cent

Total assets
₹182
LAKH CRORE

Contribution to GDP
N/A

Employment generated
1.4
MILLION



AFP VIA GETTY IMAGES

^ HEALTH SCARE Customers and officials wearing masks at a bank in Bengaluru

EXPERT SPEAK

Rajnish Kumar,
Former Chairman,
State Bank of India

How urgent is the need to recapitalise public sector banks?
The RBI's latest financial stability report has brought out the need to build up capital buffers in the banking sector. Public sector banks will find it difficult to raise capital from the market. Inevitably, the government will have to make provisions in the budget to provide capital.

In the previous budget, there was talk of setting up development finance institutions. Will these materialise this time around?
Infrastructure financing needs a major push and neither the central nor the state governments can fund the National Infrastructure Pipeline. Public sector banks cannot do it either. A well-structured and well-capitalised development finance institution is required to lead infrastructure financing in India.

Will the budget open up avenues for the setting up of a 'bad bank' (to take bad debts off other banks' books)?
There is no more opportune time than right now to create a bad bank. This will allow non-performing assets to be consolidated in a single institution, which will lead to a faster resolution of bad debts.

What key measures would you like to see in the budget to drive growth, given that the economy is in recession?
This budget will be one of the most challenging. The government needs to leave no stone unturned in its efforts to rescue the economy from recession. Three important measures that could instantly spur demand are a reduction in personal income tax rates to boost consumption expenditure, an increase in expenditure on infrastructure and support for sectors that have been badly hit, such as tourism and construction, which will create employment opportunities. The government should also implement measures to strengthen the financial sector.

—Anilesh S. Mahajan

ings, says the government may hike capital expenditure from the Rs 4.3 lakh crore last year to Rs 4.6 lakh crore. He says that he expects the thrust of spending to be on MNREGA, roads, railways and urban development.

FUNDING THE SPEND

Where can the money for the increase in expenditure be raised from? One area is PSU (public sector undertaking) disinvestment. In 2020-21, the Centre had set a target of raising Rs 2.14 lakh crore through disinvestment, but that will be missed by a huge margin. However, it has created a pipeline for next year, with Air India, BPCL (Bharat Petroleum Corporation Ltd) and the Shipping Corporation of India on the block. Experts hope for a firm medium-term plan for their divestment, with clear deadlines and revenue forecasts. Monetising government-owned assets in defence and non-defence sectors and fresh 4G and 5G spectrum auctions have also been mooted by experts. Joshi says the government will have to resort to more borrowing. Also, it needs to encourage foreign direct investment in infrastructure.

₹3.2 LAKH CRORE
ESTIMATED REVENUE SHORTFALL THIS FISCAL

₹14.5 LAKH CRORE
ESTIMATED FISCAL DEFICIT FOR 2020-21

“Raise resources, but not by raising taxes,” says Shah. “You have to excite investors, and for that, PSUs need to be managed better. The value of government holdings in PSUs can then double.” Another idea is to commercialise some of the government’s successful schemes by roping in private partners. Legalising gambling is another suggestion that has been forwarded to the prime minister’s office. Shah says that fixing tax loopholes can generate additional revenue for the government. Asset monetisation—for instance, monetising government land—is another idea that has been proposed.

Some experts say a better way to raise resources in the present context would be to monetise the deficit (finance extra expenses with money and not debt). They argue that to do so, the RBI should resort to open market purchases of government bonds. Moreover, offering higher interest rates to all savers through small savings schemes would also be a useful exercise.

It is often said that within adversity lies opportunity. The Centre should utilise the present moment to set the country on a clear course of revival—not just to heal the wounds of the pandemic but also to take the country onto the high growth trajectory it has been aspiring to for a long time. Budget 2021 could set the right tone for that. ■

MANUFACTURING

Sector size	Contribution to GDP	Employment generated
₹32.5 LAKH CRORE	16 PER CENT	120 MILLION

KEY ISSUES

➜ Despite efforts by successive governments, manufacturing’s share of GDP has been stuck at 16 per cent for some years now

➜ Covid-19 brought most manufacturing to a halt. While the Oct-Dec period saw a spurt in activity from pent-up and festive demand, it may not be sustainable

SILVER LINING

➜ Under the Atmanirbhar Bharat Abhiyan, a slew of programmes have been announced to boost production, such as the production-linked incentive scheme

➜ The Reserve Bank of India’s six-month moratorium on loan repayments gave the sector a breather, as revenues had dried up

EXPERT SPEAK

Naushad Forbes,
Co-chairman, Forbes Marshall and former President, CII

Is manufacturing seeing a recovery? What more needs to be done?
Manufacturing depends on the overall health of the economy—we need to focus on that rather than on just manufacturing. In the second quarter, we saw a significant recovery, including in FMCG, pharma and chemicals. In Q3, the recovery was wider, including in engineering and automotives. However, salaries have fallen drastically—that can become a problem as 60 per cent of our growth in the past 30 years has come from consumption.

What are your expectations from the budget?
The Atmanirbhar Bharat Abhiyan and the production-linked incentives scheme are aimed at increasing the depth in manufacturing. We don’t need more than that, but there should be something to supplement it. We also need long-term clarity about policies. When will the tariff protections that have been brought in for thousands of products over the past four years expire? Industries need to know what to expect. Only then can they invest properly.

What budget measures would you recommend to revive the economy?
Measures need to be analysed for their impact on the ease of doing business. There should be a review mechanism with private participation. The government needs to win the trust of entrepreneurs to ensure investment happens.

—M.G. Arun

A RECOVERY PLAN

THE BOARD OF INDIA TODAY ECONOMISTS ON WHAT THEY EXPECT FROM THE **UNION BUDGET 2021**

ADITI NAYAR
Principal Economist, ICRA Ltd

D.K. SRIVASTAVA
Chief Policy Advisor, EY India

Q. What are the three key measures you would like to see in the Union budget that will drive growth, given that the economy is in recession?

A.

● **ADITI NAYAR:** Prioritisation of capital expenditure, especially projects already identified in the National Infrastructure Pipeline (NIP), and where the plans are at an advanced stage, will help to create a multiplier effect and boost the tentative economic revival.

Secondly, an adequate budgetary provision for the vaccine rollout will immeasurably boost confidence of the economic agents and aid in decision-making regarding both consumption and investment.

Additionally, clearance of subsidy arrears, pending dues to contractors and vendors, and expediting tax refunds will help boost liquidity as well as sentiment in the economy.

● **D.K. SRIVASTAVA:** First, the government should focus on augmenting non-defence capital expenditure. This would lead to increased investment in construction and infrastructure, covering housing and roads among other sectors. These sectors will have high multiplier effects. Second, the government should come up with a revised fiscal consolidation roadmap. In 2020-21 and 2021-22, the Centre's fiscal deficit may have to be kept in the range of 6-7 per cent of GDP, and fiscal consolidation to a more tangible extent may only begin 2022-23 onwards. The additional fiscal space in 2021-22, both for the central and state governments, should be used to shore up government expenditure pertaining both to the revenue and capital sides of the budget. Third, the government should reassess the NIP, identifying areas and sources of deficient investment in relation to the original investment plan and come up with a modified timeline. In particular, the role and the respective shares in investment of the state governments and PSEs may need to be re-evaluated to ensure their effective participation in the fulfilment of the NIP.

● **PRONAB SEN:** I would like to see:
i) higher grants to states for disease management and control, including for vaccination; ii) enhanced budgetary support for strengthening healthcare at the district and sub-district levels, including better terms to auxiliary nurse midwives (ANMs) and ASHA workers; and iii) budgetary support for expanding and upgrading health research and testing infrastructure across India.

● **Y.K. ALAGH:** We need a real government spending programme to get us back on the upswing of the V curve. This should shore up health infrastructure for the vaccine programme; repair and expand the rural-urban trade and transport network; and strengthen first-stage processing in rural areas to strengthen the supply chain.

> "We need a framework to implement diversification, market and infrastructure strengthening, rather than expect dramatic results and then fail"
>
> **Y.K. Alagh**

PRONAB SEN
Country Director, India Programme of the International Growth Centre

Y.K. ALAGH
Economist and former Union minister

ILA PATNAIK
Professor, National Institute of Public Finance and Policy

SAJJID CHINOY
Chief India Economist, J.P. Morgan

Agriculture stood up against the downside. It needs support to do better. Steps against the paddy wheat rotation in northwest India would be a mistake. Maybe steps can be taken to further strengthen dairying and horticulture, for pulses and oilseeds in south Punjab and unirrigated tracks in Haryana that aren't covered by the Indira Gandhi Canal. But MSP is important here, unlike in the western coast and the Deccan Plateau, where quality grains are grown and market prices are generally higher. Here, the trader plays a different, more active role.

We need a framework to implement diversification, market and infrastructure strengthening, rather than expect dramatic results and then fail. Ramesh Chand of the NITI Aayog has written a paper on this, which can be implemented in 2021 with consultation, since it was rushed through Parliament.

● ILA PATNAIK: There is great opportunity to cut tax rates and accelerate demand and consumption. There has been a constant demand to simplify tax compliances. It should be done along with rationalisation of taxes and decriminalising income tax violations. The budget should make provisions for a Public Debt Management Agency (PDMA). At present, the Public Debt Management Cell is filling in as a PDMA, but it requires to be empowered more and have statutory status.

India needs a large amount of infrastructure financing. The problem has always been about financing long-term infrastructure projects with long-term savings. We have discussed and proposed the need for a bond market. While on the one hand there needs to be a PDMA, on the other, this problem can be addressed if we also incentivise people to invest in infrastructure bonds. Tax breaks can further enhance public savings. While a lot of savings are going into the stock market, inadequate amounts are going into debt, particularly long-term debt for infrastructure. Government infrastructure bonds with tax breaks can give infrastructure the push it needs. A development finance institution (DFI) will also need to raise funding through the bond market as it won't be a deposit-taking institution like a bank.

● SAJJID CHINOY: India's economy is recovering from Covid faster than expected. We expect GDP will contract about 6.5 per cent in 2020-21, less than the double-digit contraction previously expected. However, this incipient recovery will need to be stoked by the budget. Ideally, therefore, the budget must strive to impart an expansionary fiscal impulse while also bringing down the headline fiscal deficit and setting out a credible medium-term fiscal plan. One way to accomplish these objectives is to embark on an aggressive asset sales programme. Higher asset sales can then finance a public investment push, while recovering tax buoyancy can be used to reduce the headline deficit gradually. A credible medium-term fiscal consolidation plan will help anchor the bond market, reduce risk premia on borrowing costs and aid recovery.

Q.

(a) Should the government revise the fiscal deficit target from the current 3.5 per cent of the GDP to allow more spending? If so, what percentage would you be comfortable with?

(b) Name three areas that you think the government should focus its spending on.

A.

● ADITI NAYAR: A revenue normalisation would anyway help to contain the size of the fiscal deficit in FY22, relative to the considerable expansion that was engendered by the pandemic in the current year. In our view, sharp fiscal tightening should be avoided by both the Centre and the states, as it would temper the awaited economic recovery.

For the Government of India (GoI), a revenue deficit of 3.5 per cent of GDP and a fiscal deficit of around 5 per cent of GDP in FY22 would allow for prioritising of health expenditure, vaccine rollout, as well as capital spending.

The 15th Finance Commission's recommendations on revenue sharing and fiscal deficit targets, the borrowing permission to be granted by the GoI and the extent of improvement that can be realised in their own tax revenues will guide state fiscal trends in FY22. A fiscal deficit target of 3.5 per cent of GSDP for the state governments for FY22 may allow them to prioritise a portion of the capital expenditure that had to be deferred during the pandemic, in our view.

● D.K. SRIVASTAVA: (a) The current fiscal deficit target should be revised both for 2020-21 and 2021-22. In fact, it is arguable that these levels should be in the range of 6-7 per cent of GDP in these two years. Fiscal consolidation should be remapped and even the targets should be redefined. There is need to provide greater flexibility in the case of central government borrowing as it has a relatively more important role to play in macro stabilisation. The operational target of fiscal deficit for the Centre may be revised upwards to 4 per cent of GDP instead of the present 3 per cent in the medium term, and the legislated FRBM target of the combined debt-GDP ratio should be increased to 70 per cent from the current 60 per cent. The Centre's debt-GDP target may be retained at 40 per cent while the states' may be increased from 20 to 30 per cent. This would make the current FRBM internally consistent, growth-oriented and provide greater flexibility for macro-economic stabilisation. It would also provide additional fiscal space, both for the Centre, due to higher fiscal deficit, and states, because of higher debt-GDP ratio, which may be justified on account of the long-term trend towards lower interest rates globally and in India.

(b) The first area is the health sector, covering both capital and revenue expenditures. As per the 2020 UNDP Human Development Report, India has only five beds per 10,000 population as against a benchmark of 21 beds for developing countries and 27 for the world. Further, additional capacity for more specialised facilities is needed for dealing with pandemic-like situations. Long-term and sustained investment requires to be done in this sector.

The second area would be housing and construction for which Centre's allocation for non-defence capital expenditure should be increased as percentage of GDP. This is a sector which can absorb both skilled and unskilled labour and has high multiplier effects. The third area for which resources may be earmarked relates to initiating an employment guarantee scheme like MNREGA for the urban unemployed.

● **PRONAB SEN: (a)** Yes it should. Going up to 6 per cent is fine.

(b) Answered in Q.1.

● **Y.K. ALAGH:** I tend to agree with (economist) N.K. Singh that if lives are at stake, the deficit target can be postponed, although my friend (Uday) Kotak is correct in pointing out that the adjustment required later will be more severe. If government investment goes up in the priority areas, the private sector will respond. With a downturn of 7-8 per cent in 2020, a 10 per cent growth rate in 2021-22 will be slightly below average (5 per cent or so in 2020-22). Higher growth will depend on the budget. If it repeats earlier strategies (asking banks and private sector to raise investment), not much better can be expected. If it contains a real stimulus, the private sector will respond since it has large excess capacity. A growth rate of 14-16 per cent is possible (an average of 6 per cent) for 2020-22. We can actually do better, but don't plan any more, so one has to be cautious in projecting long-term investments drawing in the private sector in PPTs.

● **ILA PATNAIK: (a)** The pandemic is an extraordinary situation. The government needs to loosen its purse strings a bit. But we also have to live beyond the pandemic. The target for fiscal deficit shouldn't be more than 4.5 per cent.

(b) There is a need to put money on reforming security agencies. This will automatically start improving the law and order situation in states. There is also a need to put money towards curbing air pollution. This will encourage more investors to move to India. Thirdly, we need to keep investing in infrastructure projects. The lack of a sustainable source of funds, though, can prove to be a major constraint to the proposed DFIs.

● **SAJJID CHINOY:** Fiscal policy has had to play a crucial role around the world in mitigating the effects of Covid. Furthermore, the unprecedented nature of the shock has meant that the fiscal orthodoxy of the past will have to be temporarily kept in abeyance. A gradual reduction of the headline fiscal deficit, consistent with a declining debt-GDP ratio in the coming years, would be the best way to balance growth with macroeconomic stability. The quantum of the consolidation should be determined by the extent to which tax/ GDP is expected to recover in FY22, so that expenditure-to-GDP can be preserved and grown. It will be important for the fiscal impulse to remain positive so as to create the demand impulses needed to crowd in private investment. Spending should focus on a large public infrastructure push–physical infrastructure, health and education.

> "The pandemic is an extraordinary situation. The govt. needs to loosen its purse strings a bit. But we have to live beyond the pandemic as well. There needs to be a balanced approach"
>
> **Ila Patnaik**

Q. How serious is the jobs situation in the country? Could you please name three measures the government should adopt to create more jobs?

A.

> “An urban version of MNREGA would provide employment, and offer social security to a major section of the working population”
>
> **Aditi Nayar**

● **ADITI NAYAR:** The pandemic has exerted a disproportionately adverse impact on the self-employed, informal sectors, smaller enterprises and contact-intensive jobs. A widespread vaccine rollout will help these segments to get back some semblance of their pre-Covid situation. Moreover, higher capital spending, especially on core infrastructure projects, will help unleash new jobs in the economy. An urban version of MNREGA would provide employment, and offer social security to a significant section of the working population.

● **D.K. SRIVASTAVA:** The job situation is a matter of serious concern, particularly in the informal sector and in the trade, hotels, transport, storage and communication sector. These primarily affect the urban areas. But the rural situation is not much better because of the massive migration back to rural areas. Clear policy interventions are needed to improve the job situation, both by uplifting growth and orienting economic policy towards employment-intensive sectors. Specific measures may include: i) an urban employment guarantee scheme; ii) higher budget allocation for housing and construction sectors; and iii) ensuring higher credit flows towards the private sector for which bank recapitalisation may be called for to increase public sector banks' risk-taking appetite.

● **PRONAB SEN:** The jobs situation is much more serious than as indicated by the unemployment rate. Permanent and semi-permanent jobs have reduced and casual work has gone up. Suggestions to reverse this are: i) amend the EPFO/ ESIC rules to permit companies a grace period, say of about five years, before they are required to comply with the requirements; ii) use monetary policy to steepen the yield curve so that there is an incentive to companies to adopt more labour-intensive technologies; and iii) focus on small infrastructure projects in areas seeing large unemployment.

● **Y.K. ALAGH:** The employment context will depend on the strategy of investment in and strengthening agriculture. I am not in favour of an urban MNREGA because better investment possibilities are there in labour-intensive infrastructure construction of the Jawahar Yojana type.

● **ILA PATNAIK:** There is hardly any good data to understand the jobs scenario in the country. There is a need to cut down tariffs to allow more investments. Then we must make a case for cutting down GST rates and accelerating and facilitating investments in infrastructure. These three steps will not only accelerate demand but will also open up avenues for more jobs.

● **SAJJID CHINOY:** As is the case around the world, signs of labour market scarring are evident in India, both through labour market surveys and demand for MNREGA. As in other parts of the world, the recovery appears to be driven by capital and profits more than labour or wages. Against this backdrop, a meaningful infrastructure push will be crucial. It will immediately boost aggregate demand—it is labour-intensive and thus create jobs and have large multiplier effects and can be expected to crowd in private investment, and boost the economy's medium-term competitiveness. If funded through asset sales, this will constitute a productivity-enhancing asset swap on the public sector's balance-sheet.

Q. What specific measures should the government announce to shore up consumption demand?

a) lower income tax rates; **b)** reduce or exempt GST rates; **c)** create an urban equivalent of MNREGA; **d)** direct cash transfers; **e)** others (please specify)

Please explain why you think so.

A.

● **ADITI NAYAR:** At this stage, when the revenue visibility remains somewhat clouded, the timing may not be appropriate to consider lowering the income tax rates, to avoid having to impose curbs on spending later if the expected revenue buoyancy does not end up being realised.

Moreover, any modifications to the GST rates remain in the domain of the GST Council. From the sharp hit during the lockdown, GST collections have recovered and displayed a healthy growth in the recent months. However, innovative borrowing options had developed to fund the rise in GST compensation that was inevitable in FY2021. Subsequently, the size of the

GST compensation that will be required in FY2022, and whether the specified cess collections will be anywhere close to being adequate to fund the same, remains unclear. Therefore, GST rates may be left unchanged until there is greater stability in the collections and a clearer understanding of the compensation requirement for FY2022.

An urban equivalent of MNREGA may help to persuade the migrant labour lingering in the hinterland, fearing the unavailability of jobs, to return to the urban areas. This would boost consumption demand, restart remittances and also enhance the pool of labour available in the urban areas for the private sector.

D.K. SRIVASTAVA: Lowering income tax rates may not be advisable given the trend towards erosion of government's tax revenues which had started even prior to the Covid shock. It is also seen that increasing private disposable incomes did not lead to an increase in private consumption in 2020-21. The lower CIT rates have not resulted in higher private investment so far. The postponement of the personal income tax payments as part of the fiscal stimulus initiatives also did not lead to increase in personal consumption. Instead, it led to an increase in household financial savings. A reduction in rates or more exemptions in the case of GST would also not be justified since GST revenues have still not become revenue-neutral compared to the earlier tax regime. Some rationalisation of the GST rates, particularly elimination of the inverted duty structure wherever applicable, may be undertaken. Direct cash transfers would also be less preferable as compared to a job-related scheme, since it creates both jobs and increases consumption demand. Among the four options listed, the urban equivalent of MNREGA would be the most effective. Among other measures, further expansion of the scope of MNREGA may also be considered. In general, a direct support to consumption demand through an increase in government expenditure in targeted areas/ sectors would be better.

PRONAB SEN: Lowering tax rates - i.e. (a) and (b)–should not be done at all, especially income tax relief which provides benefit only to those who have not lost income.

Creating (c), an urban equivalent of MNREGA, should have happened much earlier and it should be done now. The problem is that there is, as of now, no effective design of such a programme and it is extremely difficult to do so. There is a crying need to develop such an architecture and considerable research and consultations need to be devoted to this end. A starting point can be (economist) Jean Drèze's proposal–Decentralised Urban Employment and Training (DUET). It is not perfect, but it does form a very useful starting point.

Direct cash transfers (d) are very useful, but not in the manner they have been used up to now. One-off transfers have very little effect, and the need is to give an assurance of a stable and continuing transfer process until the economy has fully recovered. This may take three to four years.

Public investment in infrastructure (e) is very important since construction is a major employment generator with strong backward and forward linkages. However, in this case as well, it is important to ensure that there is assurance of medium- to long-term involvement, so that companies can hire accordingly rather than relying on casual labour.

“Direct cash transfers are useful, but an assurance of a stable and continuing transfer process until the economy has fully recovered is needed”

Pronab Sen

Y.K. ALAGH: Given the fiscal situation, many tax concessions are unfeasible and, in fact, resource generation for the menu of real investments will be a problem given the real problems in disinvestment proposals.

ILA PATNAIK: The urban MNREGA is a bad, short-sighted idea considering the state of urban governance and funds available with cities for building infrastructure, law and order, water, sanitation, solid waste management, electricity, roads, public transport, health and education.

Over time, an urban version of the MNREGA could encourage job-seekers in rural areas to seek jobs in cities without the necessary skills and without any idea of the demand for labour because of the added comfort of an urban employment guarantee.

SAJJID CHINOY: A sustainable consumption recovery would hinge on a sustainable income recovery, which, in turn, will hinge on how quickly the job and wage hit can be mitigated and reversed. Rising precautionary savings are a function of uncertainty. Job creation alleviates income uncertainty and is therefore the most effective way of driving consumption. Consumption there is an outcome. If a public investment push can crowd in private investment and help create jobs, consumption will eventually be taken care of.

> “The quantum of global liquidity and buoyancy in global and Indian equity markets presents an opportunity to sell assets and plough the proceeds into the real economy”
>
> **Sajjid Chinoy**

Q. How can the government raise resources to meet its expenditure in the budget?

a) PSU divestment b) amnesty schemes c) offer tax-free bonds d) others (please specify)

Please explain why you think so.

A.

● **ADITI NAYAR:** PSU disinvestment offers a viable avenue to raise revenues and create fiscal space to boost spending. While the pandemic is sure to result in a large miss relative to the disinvestment target that had been set by the Centre for FY21, the pipeline for FY22 is healthy. Moreover, a medium-term plan for disinvestment, outlining the entities in the pipeline, what steps need to be taken before the disinvestment can actually take place, as well as indicative timelines, would add to the credibility of the revenue forecasts.

● **D.K. SRIVASTAVA:** PSU divestment has scope for a much better performance in 2021-22 when the growth rate would have picked up. The stock prices are already relatively high, and it would be appropriate to aggressively pursue the divestment initiatives. Amnesty schemes or tax-free bonds may not be desirable methods for raising additional resources. These would lead to short-term erosion of government tax revenues which have shown less than desired or budgeted growth rates in recent years. Instead, measures like monetisation of government-owned assets and fresh auctioning of spectrum for 4G and 5G may be desirable.

● **PRONAB SEN:** PSU disinvestment, amnesty schemes and tax-free bonds are all bad ideas. We require new investments to come in, and disinvestments will reduce the availability of investible resources for new investment. As far as an amnesty scheme is concerned, it simply won’t work in a situation where practically everybody is in some form of economic distress. Tax-free bonds in any case are strange since they provide an effectively higher return only to tax-payers, thereby distorting the incentive structure in the economy. It would be preferable to offer higher interest rate to all savers via small savings schemes.

A better idea, only in the present context, would be to monetise the deficit and the RBI to do sterilisation through open market purchase of government bonds.

● **Y.K. ALAGH:** (declined to answer)

● **ILA PATNAIK:** This is a good time to disinvest government equities in PSUs. The other way to attract funds is tax-free bonds.

● **SAJJID CHINOY:** The quantum of global liquidity sloshing around and the buoyancy in global and Indian equity markets presents an opportunity to raise resources through asset sales and to plough the proceeds into the real economy. Asset sales could include disinvestment, strategic sales, land and infrastructure monetisation. Strategic sales also carry with then efficiency-enhancing attributes, as value is created.

Q. What is your forecast for the following and why?

a) 2020-21 GDP growth

b) inflation

A.

● **ADITI NAYAR:** a) Growth in FY2021: Healthy reservoir storage and the YoY rise of 2.9 per cent in acreage are expected to support rabi yields and contribute to a steady GVA growth of agriculture in H2 FY2021. The performance of a majority of the available lead indicators, such as electricity demand, non-oil merchandise exports, rail freight, GST e-way bills and vehicle registrations, has improved in Q3 FY2021 relative to Q2 FY2021, suggesting that the contraction in real GDP and GVA will narrow appreciably in Q3 FY2021 from 7.5 per cent and 7 per cent, respectively, in Q2 FY2021. However, a portion of the improvement in profitability generated by the rising volumes would be absorbed by rising raw material and employee costs in certain sectors. Improving economic fundamentals, resumption of remittances to the rural areas, healthy procurement, a bright outlook for the rabi season and visibility of vaccine availability are expected to strengthen demand over the next quarter, resulting in an uptick in the pace of normalisation in volumes in many non-contact-intensive sectors. Exports may revive modestly in Q4 FY2021, as the vaccine rollout gathers traction in the trading partners. Moreover, improved tax revenue visibility is expected to boost the spending of the GoI in the rest of this fiscal. However, anecdotal evidence reveals mixed trends in state-wise capex. Private sector

“A reasonable recovery appears feasible in Q4 of FY2020-21 as the economy exits lockdown and the Covid vaccination programme gathers momentum”

D.K. SRIVASTAVA

investment activity may gather some pace in certain sectors but may not revive in a broad-based manner until H2 FY2022. After a mild contraction in Q3 FY2021, we expect a tepid growth to emerge in Q4 FY2021, resulting in a full year contraction of 7.8 per cent in Indian GDP in real terms, similar to the level of 7.7 per cent projected by the NSO in the FY2021 AE.

b) Inflation: CRA expects the headline CPI inflation to harden to 6.4 per cent in FY2021, driven by a sharp escalation in food inflation to 8 per cent in FY2021, with supply disruptions related to vegetables for a large portion of the year, the pressures from edible oils emanating from global supply issues, as well as high inflation for protein items such as pulses. Supply-side disruptions during the lockdown and higher taxes on certain items such as fuels have also led to a rise in the core CPI inflation, which is expected to average a substantial 5.5 per cent in FY2021.

● **D.K. SRIVASTAVA:** In 2020-21, real GDP growth may be close to that forecast by the NSO in terms of its advanced estimates at (-) 7.7 per cent. This forecast may be more realistic than that given by the World Bank and the IMF at (-) 9.6 per cent and (-) 10.3 per cent, respectively. This is so because a reasonable recovery appears to be feasible in the fourth quarter of 2020-21 as the economy is nearly fully exiting the lockdown and normalisation might be restored as the Covid vaccination programme gathers momentum. The NSO forecast only requires less than 1 per cent of positive growth in the second half of 2020-21, which seems quite feasible.

Based on the current trends, the CPI inflation rate is expected to be about 6.7 per cent for the full year of 2020-21. Up to November 2020, CPI inflation has averaged 6.9 per cent. The RBI's expectation is that of a lower inflation rate in the last quarter of 2020-21 at 5.8 per cent. If we take a weighted average, providing a weight of 75 per cent to 6.9 per cent, and 25 per cent to 5.8 per cent, we get a weighted average CPI inflation of close to 6.7 per cent.

● **PRONAB SEN:**
a) As far as GDP growth is concerned, there are two figures which are of relevance. The first is the estimate which will come from the NSO, which, by and large, does not take into account the performance of the non-corporate sector. The first Advance Estimate is already out at -7.7 per cent, and it is unlikely that it will be changed significantly later. The other is the “true” GDP growth estimate which takes into account the differential impact between the corporate and non-corporate sectors. This is probably much worse, and my personal assessment is that it could be a double digit negative, maybe around -12 per cent.

b) So far this year, inflation has been high at nearly 7 per cent. However, this is a result of demand recovering faster than supply. This is likely to change in the coming months as the supply side starts recovering and the demand side slowing down. I expect inflation to come down sharply to below 4 per cent in the last quarter of this fiscal.

● **Y.K. ALAGH:** (declined to answer)

● **ILA PATNAIK:**
In 2020-21 (ending march 2021): -7 to -8 per cent real GDP growth.
Inflation: 6 to 7 per cent.

● **SAJJID CHINOY:**
a) 2020-21 GDP growth: - 6.5 per cent
b) Average inflation in 2020-21: 6 per cent

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SHAKY VOTE BANK
File picture of Mamata Banerjee at an Id rally in Kolkata

DEBAJYOTI CHAKRABORTY/ GETTY IMAGES

BATTLE FOR BENGAL

MAMATA'S MUSLIM GAMEPLAN

The rise of new political contenders threatens Mamata Banerjee's once assured vote bank. How does the West Bengal chief minister propose to retain it?

By Romita Datta

IT was the end of May 2019. The BJP's aggressive campaign against Mamata Banerjee's appeasement politics bore fruit as the Trinamool Congress (TMC) lost 12 seats in the parliamentary election to wind up with a reduced tally of just 22 of the 42 Lok Sabha constituencies in the state. Hardly had the West Bengal chief minister got time to adjust to the new reality of the BJP becoming her chief challenger than a seemingly innocuous question at a post-results press conference on whether she'll attend Iftaar parties threw her into a temper. "I appease Muslims, no?" she said. "I'll go there a hundred times. *Je goru doodh dei tar lathi-o khete hoi* (I am willing to be kicked by a cow that gives milk)." Nothing, she made it clear, would stop her from changing her stance towards a community that had fetched her rich political dividend. Of the TMC's 43.3 per cent vote share in 2019, Muslims accounted for 23.3 per cent. Minorities comprise 30 per cent (roughly 30 million) of Bengal's population.

However, nearly two years later, with the assembly election looming in March-April, Mamata appears unsure about what till recently seemed an assured vote bank. The choice has become equally vexed for the Muslim voter as too many political players have thrown their hats in the ring.

Among them is Pirzada Abbas Siddiqui, the fourth-generation descendant of Sufi saint Hazrat Abu Bakr Siddiqui, who is commemorated at the popular shrine of Furfura Sharif. The cleric has expressed a desire to float a socio-political platform along with eight other social organisations of Adivasis, Dalits and backward classes, and contest 44-50 seats from south Bengal in the upcoming assembly election. His organisation, the name for which he has yet to announce, intends to work for the upliftment and empowerment of what he calls "the weaker sections", of which Muslims constitute a large share.

Why Mamata should worry

Why should this worry Mamata? Furfura Sharif, located in Hooghly district, controls over 3,000 mosques and several charitable institutions, educational institutes, orphanages, madrasas and health centres. Its writ runs strong among Muslims in the adjacent Howrah, South and North 24 Parganas districts. These four districts in south Bengal have 25 per cent of the state's Muslims and account for roughly 33 per cent, or 98, of the state's 294 assembly seats. The TMC won 11 of the 14 parliamentary seats from these districts in 2019, the minorities having voted for Mamata en bloc.

Till recently, it was Abbas's uncle and the senior pirzada, Twaha Siddiqui, who was the face of Furfura Sharif. Known to be close to Mamata, he was shocked to realise that not only had his nephew charted his own course but also made his position shaky.

Ever since the lockdown, Abbas, the 33-year-old scion of Furfura Sharif, has held more than 60 rallies in South and North 24 Parganas, which account for 65 seats in south Bengal. Each of these gatherings attracted huge crowds. The subject of discussions at these rallies varies from religion to politics, but the underlying thread is the deprivation of Muslims, their structural backwardness under successive secular regimes, all of whom have offered appeasement but not development in exchange for their votes.

Furfura Sharif cleric Abbas has emerged as TMC's biggest threat, as the shrine controls 3,000 mosques

"*Imandar Musalman Bhai*," he addresses his audiences amid huge rounds of applause as he flits from one chapter of deprivation to another. "The direct railway line between Dankuni and Furfura is yet to happen, the only hospital in Furfura is in a shambles, the sanctioned ITI college is still a playground..." While listing this litany of neglect, he tells crowds he was not there to be chief minister, as his detractors claim, but to hold accountable the person holding the state's top job.

The Abbas-Owaisi bond

Abbas's crowd-pulling skills and plain-speaking have caught the attention of Hyderabad MP Asaduddin Owaisi, whose AIMIM (All-India Majlis-e-Ittehadul Muslimeen) plans to contest the Bengal election. In a state where 80 per cent of the Muslims speak Bengali, Abbas has emerged as Owaisi's best bet. The AIMIM chief has already had preliminary talks with Abbas and agreed to contest the poll under his leadership.

There are roughly 102 seats in the state where the minority vote matters, of which 60 per cent, or 61 seats, are in south Bengal. Mamata was able to retain most of these assembly segments in the 2019 general election. But with multiple players other than the Congress-Left combine seeking a slice of the minority pie, she is under stress.

However, more than the split in the minority vote, Abbas's stand against the TMC government is making Mamata nervous. He's using hard data on development indices, much like the Sachar Committee report in 2009, to inform and educate the Muslims. The Sachar Committee's revelations on the condition of Bengal's Muslims under Left rule were considered instrumental in the minority vote swinging in favour of Mamata, who was then a rising star and a mighty challenger to the Left.

"Mamata's nervousness is understandable," says Amal Kumar

Mukhopadhyay, social scientist and a former professor at the Presidency University. "She fears that Abbas Siddiqui will upset her applecart with hard facts, which she perhaps thought she could camouflage and fictionalise with her appeasement politics."

Careful not to publicly attack Abbas herself, Mamata has reportedly asked Twaha, the senior pirzada, to either rein in his nephew or engineer cracks in the new Abbas-Owaisi consolidation. Twaha has obliged in a statement declaring, "Politics is no place for a religious leader. If you are into politics, you have to play by the rules of the game. Attacks, foul language, wrong moves, all are part of the game, and using Furfura Sharif as a shield is wrong."

Abbas has retaliated by saying that a religious leader and cleric can show the world the right direction. "What is wrong in having a broader platform to work for the betterment of the poor and weaker sections?" he asks. Imankalyan Lahiri, a professor of international relations at Jadavpur University, finds the idea of floating a broader subaltern religious platform interesting. "It is being consciously done to stop the Adivasis and Dalits from seeking refuge in mainstream political parties, which use them only as vote banks. Do you think Dalits feel good about having to host big political leaders in order to get some limelight? For a moment maybe, but what after the limelight has faded and they continue to live in neglect and abject poverty?" asks Lahiri. Even though it may not get traction in its target group at this stage, the subaltern platform, Lahiri feels, is a good initiative to attract attention.

Mamata's minority card

Tactful as far as Abbas is concerned, Mamata has deployed the All Bengal Imams Association to woo Muslims back to her fold. Of the 40,000-odd mosques in West Bengal, the association has members in 23,000 mosques. The president of the association, Mohammad Yahiya, has already said religion and politics cannot go together. "Bengal has a tradition of Hindus and Muslims living together as brothers. Whether Hindus or Muslims, people in Bengal have one identity—of being Bengalis first," Yahiya has said. Urdu-speaking Muslim organisations from Hyderabad, like Owaisi's AIMIM, can never secure a foothold in Bengal, he adds. Mamata, too, maintains that Owaisi represents only 6 per cent of the Urdu-speaking Muslims in Bengal and will not impact the remaining 24 per cent of Bengali Muslims.

Mamata is also using her cabinet minister Siddiqullah Chowdhury, who represents the Jamiat Ulama-i-Hind and has clout in the Burdwan, Birbhum and East Midnapore districts in south Bengal. Muslims constitute 21 and 35 per cent of the population in the Burdwan and Birbhum districts, respectively. Chowdhury likens the AIMIM to the Muslim League and the BJP to the Hindu Mahasabha of pre-Independence days, which had advocated the two-nation theory that led to India's Partition.

"To divide minority votes, they have caught hold of a party from Hyderabad. The BJP gives them the money, and they divide the votes. The Bihar election has proved it," Mamata tells her audiences in rally after rally. Accustomed to allegations of his party being the BJP's B-team, Owaisi retorted via a tweet: "So far, you've only dealt with obedient Mir Jaffers and Sadiqs. You don't like Muslims who think and speak for themselves. Muslim voters aren't your *jagir*." Owaisi has been working in Bengal over the past year and has built a considerable base in north Bengal's Malda, Murshidabad, and North and South Dinajpur districts. In the general election in 2019, the BJP won three of the seven Lok Sabha seats in this region.

However, Mamata is more measured in her comments on Abbas. The attacks, harassment and heckling that Abbas and his followers may have allegedly faced at the hands of TMC goons and the police have been passed

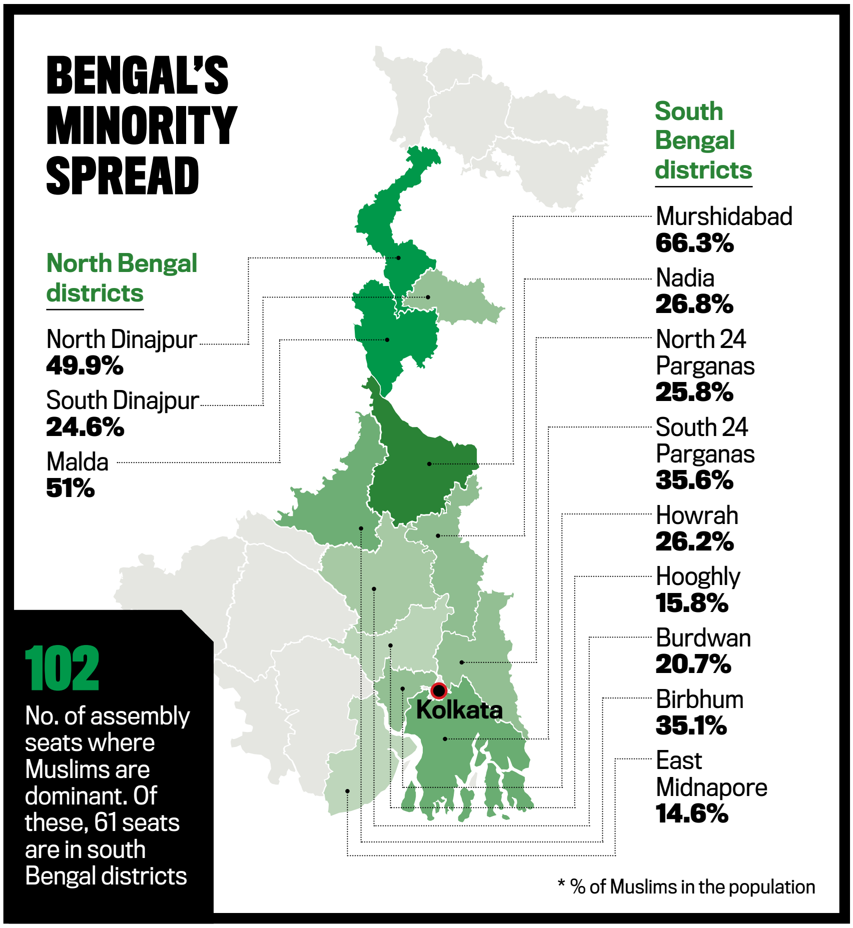
BUDDING FRIENDSHIP
Asaduddin Owaisi with Pirzada Abbas (in front)

> **Avoiding direct attacks on Abbas, Didi is getting the All Bengal Imams Association to counter his reach**

off as political scuffles between Abbas and the BJP.

The ruling TMC is clearly rattled. Having competitors for the 30 per cent minority pie, which had been its monopoly for the past decade, will affect the party's vote share. It will also trigger competitive polarisation, which will work in the BJP's favour.

Graphic by TANMOY CHAKRABORTY


BENGAL'S MINORITY SPREAD
North Bengal districts
North Dinajpur 49.9%
South Dinajpur 24.6%
Malda 51%
South Bengal districts
Murshidabad 66.3%
Nadia 26.8%
North 24 Parganas 25.8%
South 24 Parganas 35.6%
Howrah 26.2%
Hooghly 15.8%
Burdwan 20.7%
Birbhum 35.1%
East Midnapore 14.6%
Kolkata
102
No. of assembly seats where Muslims are dominant. Of these, 61 seats are in south Bengal districts
* % of Muslims in the population

These are misgivings that Mamata has reportedly shared within her close circle. She will find it difficult to break the rabid Hindu polarisation that Owaisi, with his fiery oratory and air of Muslim assertion, will most likely provoke. No amount of pandering—whether doles for community Durga puja committees, revamping of Hindu pilgrimage sites or allowances to priests—will suffice.

Outwardly, though, the TMC rubbishes talks of these groups playing spoiler for Mamata. TMC minister Firhad Hakim continues to call Owaisi's party the BJP's B-team and slams its role in helping the BJP-JD(U) alliance form the government in Bihar. "He's coming here as a vote-cutter, hoping to strengthen the BJP's hands, but this will never happen. Muslims know that he attacks the BJP in public meetings and meets Amit Shah in private," he says, while taking care to highlight Mamata's 'genuine' feelings for Muslims.

Win-win for BJP

In all this, it is the BJP that seems to be the quiet gainer. Noor-ur Rahman Barkati, who was sacked as the imam of Tipu Sultan Masjid but retains substantial clout in Kolkata and its adjacent areas, made no bones about the BJP benefitting from the division in the minority vote bank. Even Anwar Pasha of the AIMIM, who had joined the TMC, said that his erstwhile party's entry in Bengal politics will benefit the BJP in the same way as it did in Bihar.

"No matter how hard we try to firm up the religious polarisation narrative for a vertical split on communal lines, we will always end up being 30 per cent vote share behind, with the minorities voting en bloc for whoever has been in power. Now, with more than one player trying to woo the minorities, our job looks easier," says a senior BJP leader, on condition of anonymity.

The BJP is yet to say a word against Owaisi. And detached though it might appear, the saffron party is also trying to woo the minority vote in its own way. In 2019, it secured 4 per cent of the minority vote. Given the opposition to the Citizenship Amendment Act, it plans to weave in polarisation within the larger issues of the collapse of law and order, rise in crime rates, blatant violation of rules and corruption, as Diptiman Sengupta, BJP leader and spokesperson of North Bengal, reveals. "Going through the criminal records and cases of violation of rules will reveal the identity of criminals without us having to say anything in black and white," he says. "We did the groundwork for polarisation in 2019. People are polarised; now we just need to sit back and watch. By talking incessantly and overtly about religion, Hindus and Muslims, we will put our gain of 20 per cent Left vote share in 2019 at risk."

"A shift of a few percentage points in our favour will be a win-win situation," says BJP national vice-president Mukul Roy. "The BJP has indeed done some good work, especially on triple talaq and various central government schemes for all during the lockdown. This time, we'll also get Muslim votes because anti-incumbency is high among south Bengal's Muslims, who were deprived of relief material and compensation after Cyclone Amphan." The BJP is going into the Bengal assembly poll with renewed confidence. A split in the Muslim vote can only bode well for the party. ■

BATTLE FOR TAMIL NADU

A TOUGH ROAD AHEAD

ELECTION RESULTS SINCE 2019 SEEM TO SUGGEST THE DMK HAS AN EDGE. BUT PARTY CHIEF M.K. STALIN IS YET TO CONSOLIDATE THE GAINS

By Amarnath K. Menon

FOR MUTHUVEL KARUNANIDHI STALIN, who turns 68 on March 1, this will be the ultimate challenge of his career. If he and his party, the Dravida Munnetra Kazhagam (DMK), fail to dislodge the All India Anna Dravida Munnetra Kazhagam (AIADMK) in the Tamil Nadu election this time too—the latter has been in office for a decade—Stalin's hopes of occupying the coveted chief minister's seat in Fort St George (the seat of the state administration) may be lost forever.

For the DMK, the sweeping victory in the 2019 Lok Sabha election (the party-led alliance won 38 of the 39 seats) came as a welcome boost in its preparations for the 2021 assembly poll. Despite the pandemic, Stalin has not let go of the momentum. He has been video-conferencing with party cadre and has also been holding all-party conferences and physical protests over select issues. The party has also reorganised the district committees, bifurcating some to make them more manageable and giving responsibility to more second- and third-tier leaders to energise the party in the districts. The election of Durai Murugan, 82, as party general secretary to replace the late K. Anbazhagan may have also put possible intra-party rumblings to rest.

Other than introducing Prashant Kishor's I-Pac as poll consultant, the DMK continues with its cadre-based strategy from the 2016 assembly poll. The district-wise cadre-centric webinars are on, but the party has still not been able to whip up youth momentum, like the last time round. The DMK is still focusing on young and first-time voters, highlighting issues such

JAISON G

LAST CHANCE?
Stalin and other DMK leaders at an anti-CAA protest outside the TN assembly

> **THE DMK'S ADVANTAGE IS THE ANTI-INCUMBENCY THE AIADMK FACES AFTER 10 YEARS IN POWER AND THE FACT THAT IN STALIN THEY HAVE A LEADER TO FOCUS ON AT THE TOP**

as NEET (National Eligibility cum Entrance Test), NEP (National Education Policy) and unemployment.

The DMK faces a few challenges, though. The first is the problem of underestimating the Edapaddi K. Palaniswami (EPS)-led AIADMK and the groundwork the ruling party has done. With its allies, there are seat-sharing concerns, and within the party, there is dissent to manage. There's also the internal challenge from within the DMK first family, second-guessing the moves of his rebel half-brother M.K. Azhagiri, 69, and keeping critical control over the extended family. Another deterrent is that the DMK remains top heavy with a bunch of ageing, leaders who have little connect with voters or issues.

The DMK's advantage is the anti-incumbency AIADMK faces after 10 years in power and the fact that unlike Stalin in the DMK, apolitical voters will have to be convinced that EPS and his deputy O. Panneerselvam (OPS) will not be fighting among themselves after the polls. The DMK does not have any visible weaknesses right now, but problems could evolve once seat-sharing with allies and candidate selection begins.

The allies will be the same as in 2019, with the Congress, VCK (Viduthalai Chiruthaigal Katchi), MDMK (Marumalarchi Dravida Munnetra Kazhagam), CPI, CPI(M), the IUML (Indian Union Muslim League) and a few other minority-based parties. The 2019 election victories produced MPs from many allies, whose parties will now demand a proportionate number of seats. This will be true of the Congress more than others, given the various factions and aspirants. Allies like Vaiko's MDMK and Thol Thirumavalavan's VCK will want as many seats as they can get to be able to save their election symbol post-poll. Considering the challenge of letting minor allies contest on their own, the DMK had talked the two parties into contesting on its Rising Sun symbol in the 2019 Lok Sabha election. They won.

"Seat-sharing itself may be a drawn-out affair, particularly with the VCK, which has some grassroots base," says Prof. Ramu Manivannan, head, department of political science and public administration, University of Madras. This time, the allies are also eager to contest on their own symbols. This could be a problem, but there is little chance that the DMK will yield much ground, especially in the absence of Karunanidhi. Apart from organisational ambitions, the DMK has to convince its voters that they will be able to form a single-party government, which alone in the Tamil Nadu context signals a stable government.

A real stumbling block may emerge if the DMK seeks to put Stalin's son Udhayanidhi in the limelight, even if only to share his campaign burden. The AIADMK and other rivals are already pitching on the development versus dynasty rhetoric to run down the DMK. "A lack of innovation and appropriate political response to the challenges thrown up by the BJP and AIADMK are also weaknesses," says Manivannan.

Stalin has been the party leader for all practical purposes for the past 20 years. As chief minister, Karunanidhi still held sway till 2011, when the party lost the assembly poll. At the organisational level, especially in the appointment of office-bearers and nomination of DMK candidates for various elections, Stalin has been running the show since the 2001 assembly poll. He also held most of the negotiations with allies and took the decisions, which Karunanidhi endorsed. Stalin has been a minister and was deputy chief minister for five years (2006-11). He has always kept a team of party veterans as the mainstay of his decision-making, with inputs from friendly sources since 2011, says political commentator N. Sathiya Moorthy.

As of now, there is nothing distinct about Stalin's campaign. His village panchayat strategy—a throwback to 2016, when Stalin travelled across the state, meeting specifically with the youth—is still popular, drawing large crowds. That did impress the youth, as the results showed. The DMK alliance had the highest ever tally—98 of 234 seats—for a losing combine in Tamil Nadu. His campaign so far seems to depend more on anti-incumbency against the AIADMK, the purported infighting between EPS and OPS, and the various charges of corruption that have been making the news.

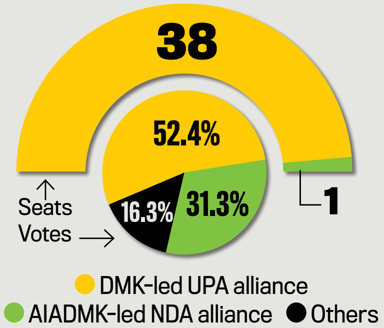
Inputs from Kishor's I-Pac team go directly to Stalin while the party mostly draws and executes the campaign strategies. Indications are the I-Pac team will stay in the background as the DMK may not want to give the impression that the campaign was "stage-managed" by professional campaigners. Such a sentiment could boomerang for both the DMK and AIADMK as a section of the voters, especially the elderly, have come to brand them as *koothadi* (puppet dancer) parties disconnected from ground realities.

"Although it has hired Kishor for the campaign, the emphasis on Dravidian identity and defending state interests are the twin pillars of DMK's strategy this time. The DMK campaign will revolve around the performance of the AIADMK government in terms of Centre-state relations and surrendering of state rights," says Manivannan. Party insiders argue that Stalin would do much better if he goes back to the traditional campaign methods instead of "the excessive reliance on I-Pac, which is cutting critical links between Arivalayam (the party HQ) and the districts and grassroots".

Another challenge is Azhagiri, and this is despite the DMK handling the post-Karunanidhi succession efficiently in comparison to the AIADMK, where the shadow of the late J. Jayalaithaa's aide V.K. Sasikala, who is due for release from jail later in January, is still cause for worry. Azhagiri is threatening to disrupt the DMK if his son is not accommodated in a respectable position in the party. He has clout in the southern districts of the state and has hinted at launching a party in the name of his father that will align with the BJP. ■

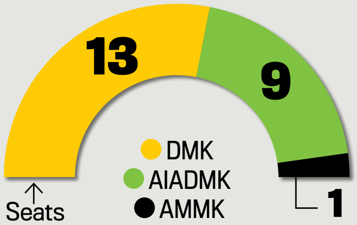
POLL TRACKER

2019 Lok Sabha election results



Assembly byelection results

(since Jayalalithaa's death; AIADMK held 22 of these seats)



1 percentage point difference in vote share between AIADMK (40.9%) and DMK (39.9%) in the 2016 assembly poll

THE SUN SHINES BRIGHTER

- Results of the 2019 Lok Sabha poll and the assembly byelections suggest that the DMK and its 'Rising Sun' symbol have an electoral edge. The DMK-led United Progressive Alliance won 38 of the 39 LS seats
- In the assembly byelections, the DMK won 13 seats to the AIADMK's nine while the breakaway Amma Makkal Munnetra Kazhagam (AMMK) led by T.T.V. Dhinakaran, nephew of V.K. Sasikala, wrested the R.K. Nagar constituency seat in Chennai vacated by Jayalalithaa's passing. However, the two parties were neck and neck in the civic body elections held last December with the AIADMK inching ahead
- The DMK's advantage in assembly bypolls is striking as the AIADMK was the incumbent in 22 of these constituencies. Back in 2016, the NDA outpolled the UPA by a mere 1 percentage point (40.9 per cent to 39.9). The only difference this time is also an equaliser of sorts: both Dravidian majors are devoid of their towering leaders now, M. Karunanidhi and J. Jayalalithaa

TEJAS GETS WINGS

THE GOVERNMENT APPROVES THE PURCHASE OF 83 TEJAS MARK-1A LIGHT COMBAT AIRCRAFT, ONE OF THE LARGEST DEALS PLACED WITH THE INDIAN DEFENCE INDUSTRY. WHY THIS INDIGENOUS PROJECT COULD BE A GAME-CHANGER

By Sandeep Unnithan

THE INDIAN GOVERNMENT finally walked the talk on supporting the indigenous defence industry when the Cabinet Committee on Security (CCS) on January 13 cleared the purchase of 83 indigenously designed and developed Tejas Mark-1A Light Combat Aircraft (LCA) worth Rs 48,000 crore. A formal contract, among the largest placed with the Indian defence industry, is likely to be inked between the state-owned Hindustan Aeronautics Ltd (HAL) and the Indian Air Force (IAF) at the biannual Aero India air show in Bengaluru this year. The first jets will start rolling out in three years. They will be an advanced version of the Tejas Mark-1 that made its maiden flight exactly two decades ago.

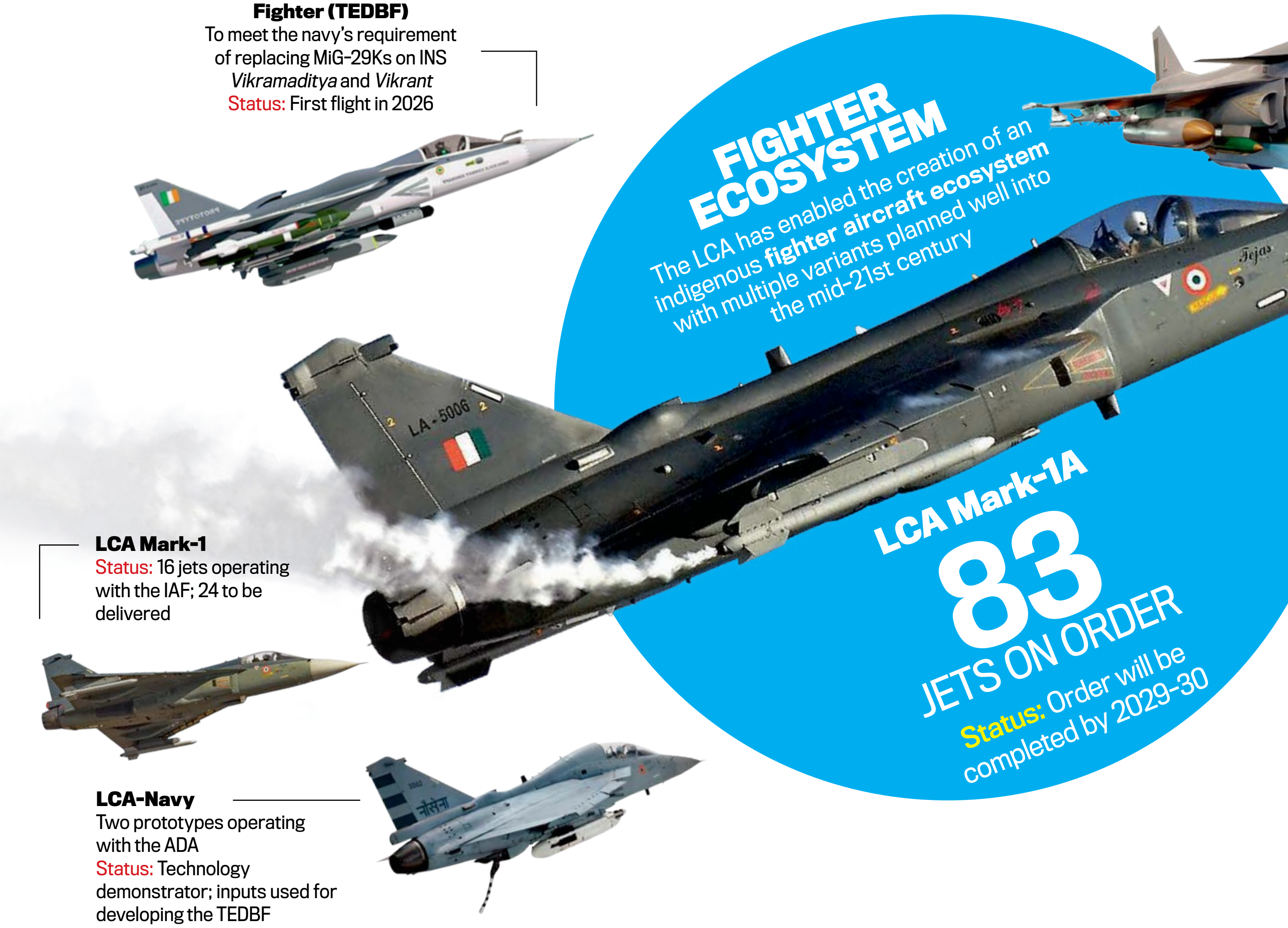
Behind this long-delayed fighter aircraft project is the story of a rare political foresight that could lead to the creation of an indigenous aircraft ecosystem in the country. The IAF, too, has finally come on board to back the programme. In 2017, a presentation to the government by the then IAF chief, Air Chief Marshal B.S. Dhanoa, committed the IAF to buying 18 squadrons of the LCA and its variants—over 300 aircraft—over the next 15 years. IAF officials say the LCA family fits into their plans to reduce the diversity of fighter aircraft to just four by 2035—the other three being Sukhoi, Rafale and Mirage-2000.

THE PARRIKAR PUSH

None of this would have happened without a concerted push in 2016 when the then defence minister Mano-

ALAMY STOCK PHOTO

HIGH-FLIER
The Tejas LCA at the Aero India show in Bengaluru, Feb. 2017



FIGHTER ECOSYSTEM

The LCA has enabled the creation of an indigenous **fighter aircraft ecosystem** with multiple variants planned well into the mid-21st century

Twin Engine Deck Based Fighter (TEDBF)
To meet the navy's requirement of replacing MiG-29Ks on INS *Vikramaditya* and *Vikrant*
Status: First flight in 2026

LCA Mark-1A
83
JETS ON ORDER
Status: Order will be completed by 2029-30

LCA Mark-1
Status: 16 jets operating with the IAF; 24 to be delivered

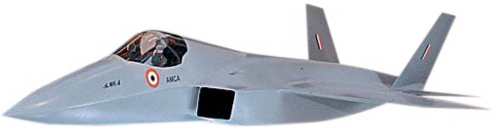
LCA-Navy
Two prototypes operating with the ADA
Status: Technology demonstrator; inputs used for developing the TEDBF

har Parrikar stepped in to rescue the Tejas from being perpetually trapped in a development cycle. The project had begun as a concept during Indira Gandhi's rule in the early 1980s. The aircraft made its first flight in 2001, during prime minister Atal Bihari Vajpayee's tenure. It was designed as a fourth-generation multirole fighter, one of the world's smallest and lightest supersonic aircraft with a combat radius of 500 km and eight hard points that can carry 5.3 tonnes of weapons and sensors.

The project was at a crossroads in the first term of the Narendra Modi government. The IAF did not want the jet in its existing form, but that required convincing Parrikar first. Parrikar, whose firm had once supplied for a DRDO (Defence Research and Development Organisation) project, was an enthusiastic votary of India developing indigenous defence capability. Here was a technocrat who could slip into the nuts and bolts of weapon acquisitions.

Parrikar saw in the Tejas a ticket to India's fighter aircraft self-sufficiency. He chaired nearly 20 meetings between all stakeholders in the national effort to build a lightweight supersonic fighter that would fill the void left by the fast-depleting MiG-21 squadrons. The participants included HAL, ADA (Aeronautical Development Agency) and the IAF. The IAF felt that Tejas Mark-1 was underpowered, short-legged and lacked an effective radar and sensor suite. It wanted ADA, the DRDO's aircraft design agency, to upgrade the Tejas to a more capable LCA Mark-2, powered by new GE-414 engines.

But that meant extensive redesign and practically a new aircraft, which would delay the induction of the Tejas by another decade. "Why don't you take a Mark-1A?" Parrikar suggested to the IAF during a 2016 technical meeting held at his South Block office. He added that HAL and ADA could deliver a far more capable jet with 43 improvements, including a new-generation Active Electronically Scanned Array (AESA) radar, simultaneous air-to-air and air-to-



Advanced Medium Combat Aircraft (AMCA)
Fifth-generation aircraft, to be deployed in the late 2030s
Status: In development, first flight by 2030 or so

LCA Mark-2
Will replace the Jaguar and Mirage-2000 in the IAF
Status: In development, first flight by 2024

“TEJAS IS A NATIONAL PROGRAMME. A MAJOR ROLE WAS PLAYED BY DRDO, CSIR, HAL, BEL, PRIVATE FIRMS AND ACADEMIC INSTITUTES. THAT’S WHERE ITS SUCCESS IS VITAL”

G. SATHEESH REDDY, Chairman, DRDO

ground attack capabilities, a new sensor suite and electronic warfare capability. Parrikar’s successor, Rajnath Singh, gave the Tejas the ultimate political thumbs-up by donning flying overalls for a half-hour sortie in the jet in September 2019.

Six years on, after fierce cost negotiations between the IAF and HAL, the defence ministry is close to placing the single-largest order for an indigenously designed, developed and produced aircraft. The last time this happened was in the 1960s when the IAF bought over 140 indigenously produced HF-24 Maruts from HAL.

The first LCA Mark-1A aircraft will fly out around 2022. HAL says the aircraft will commence production 36 months after the signing of the contract, with all 83 aircraft to be delivered by 2029-30. These are ambitious timelines for a project that has been bogged down by delays. But if both agencies stick to the deadlines, Tejas Mark-1As could fly in as one-to-one replacements for the last batch of refurbished MiG-21s, the ‘Bisons’, set to be retired by the end of the decade. It could be the booster shot the IAF needs, as it is down to just 28 squadrons of fighter aircraft (each squadron has 18 warplanes) against the sanctioned strength of 40. This is the leanest it has been in nearly 50 years.

A TRENDSETTER

Delivering the 83 Tejas aircraft will require a huge change of approach for HAL, the country’s only fighter aircraft-maker. For over half a century, the organisation has mainly done licensed production, an arrangement under which Russian, French and British aircraft firms gave HAL the knowhow to assemble aircraft from knockdown kits. Now, HAL will have to master the technology of indigenous production. “In licensed production, you are told what to do. In indigenous production, you have to find out what to do,” says Girish Deodhare, director of the Bengaluru-based ADA.

The biggest change in HAL has been outsourcing. From building all components in-house and then assembling them, it wisely outsourced component-building to the private sector. All five major sections of an aircraft are built by private firms spread across south India. Dynamatic Technologies builds the front fuselage, L&T builds the wings, VEM Technologies the centre fuselage and Alpha-Tocol Engineering Services the rear fuselage. The tail and rudder are built by the National Aerospace Laboratories and Tata Advanced Materials. HAL puts together these sections at its Bengaluru production line, integrates the engine and avionics and rolls out the aircraft.

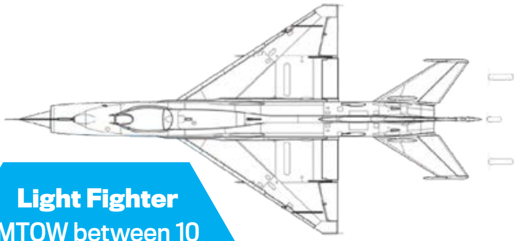
In the review meetings with Parrikar, HAL had asked for an order of at least 83 more Mark-1A jets. The IAF, which had ordered 40 Mark-1 jets in the initial operation clearance standard, wanted only 40 more 1As. The IAF’s anxiety was understandable. It had raised the first LCA squadron in 2016 with just two aircraft. It took HAL nearly four years to achieve its promised production rate of eight jets a year. The IAF agreed to order 83 more aircraft, racking up the total to 123 aircraft. The number, HAL agreed, would make a production line viable. It assured the IAF delivery of at least 16 Mark-1As every year.

The impact of the LCA order on the Indian economy, according to a senior HAL executive, will be phenomenal. “A Rs 48,000 crore order will have a force multiplier effect of seven-eight times on the economy,” says the official. “Jobs will be created, work will be outsourced. There will be a tremendous downstream effect on Tier 2 and Tier 3 manufacturing in the high-tech defence aviation sector.”

It is important to maintain this momentum. The key to sustaining this ecosystem will be to push the LCA internationally as a cost-effective replacement for the MiG-21. The IAF’s huge vote of confidence in an Indian-made fighter aircraft goes a long way in ensuring this. The LCA’s first squadron has completed 2,000 accident-free flying hours in Sulur near Coimbatore. Six

WHERE DOES A LIGHT FIGHTER FIT IN?

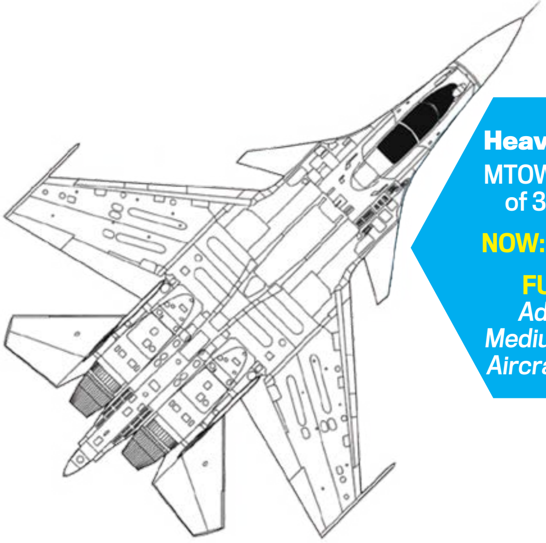
Fighter jet types are broadly decided by their Medium Take Off Weights or MTOW. The IAF envisages a force of three aircraft types in the next two decades



Light Fighter
MTOW between 10 and 15 tonnes, usually single-engined and can be built in large numbers

NOW: *MiG-21*

FUTURE:
LCA Mark-1A



Heavy Fighter
MTOW in excess of 30 tonnes

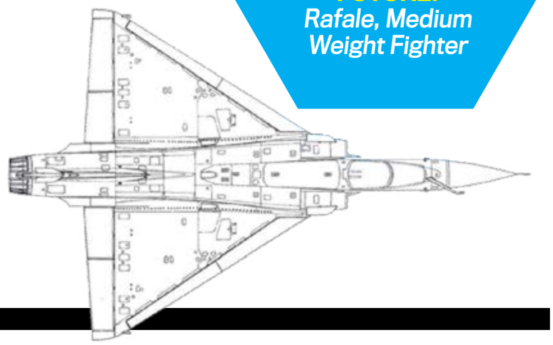
NOW: *Su-30 MKI*

FUTURE:
Advanced Medium Combat Aircraft (AMCA)

Medium Fighter
MTOW between 15 and 25 tonnes

NOW: *Mirage 2000*

FUTURE:
Rafale, Medium Weight Fighter



Tejas aircraft achieved an impressive 80 per cent availability during Gaganshakti 2018, the IAF's largest exercise in three decades. In another milestone, on January 11, 2020, an LCA-Navy prototype carried out the first-ever successful deck-landing on aircraft carrier INS *Vikramaditya*.

"Now that the intellectual property is with us, integration and advancements become easy. A new display, a new armament or a new missile—it's much easier to integrate them into the aircraft," says Air Vice-Marshal N. Tiwari, former head of the National Flight Test Centre at ADA. A case in point is the Derby air-to-air missile from the navy's fleet of now-retired Sea Harrier aircraft. It would have taken at least two years and a few million dollars in consultancy fees to foreign vendors to integrate the missile into an imported aircraft. ADA says the Derby's integration into the Tejas and test-firing in 2017 took just three months.

PRODUCTION OF LCA MARK-1A, HAL SAYS, WILL BEGIN 36 MONTHS AFTER THE DEAL IS SIGNED, AND ALL 83 JETS WILL BE DELIVERED BY 2029-30

"LCA Tejas is a national programme," says DRDO chief G. Satheesh Reddy. "A major role was played in it by the DRDO, CSIR (Council of Scientific and Industrial Research), HAL, BEL (Bharat Electronics Limited), a number of private industries and academic institutes. That's where the success of the project becomes vital."

ADA has switched to a bouquet of fighter aircraft programmes, with the fifth-generation Advanced Medium Combat Aircraft (AMCA) and Twin Engine Deck-Based Fighter (TEDBF) to replace the navy's MiG-29Ks. The project closest to induction is the LCA Mark-2, briefly called the Medium Weight Fighter (MWF). The extensive redesign and a new engine have created a far more capable aircraft in the Mirage-2000 category. The aircraft was designed in consultation with the IAF to avoid the pitfalls of the LCA Mark-1 project, in which scientists and the IAF worked in silos. "For MWF, we sat down with the IAF every month to understand their requirements," says Deodhare.

The leap to the next generation began in 2015 when the IAF said it did not want a MiG replacement beyond the 123 LCAs ordered—the long-term need was a replacement for the Mirage-2000. ADA did a complete design review and, in 2019, presented the MWF, a much more capable aircraft than LCA Mark-1 despite using the same technologies. The Tejas Mark-2 is a 4.5 generation aircraft that is considered to be bigger, faster and stronger than the LCA. At 17.5 tonnes, it is three tonnes heavier than Mark-1 and carries 900 kg more internal fuel, enabling it to fly further. It can carry six and a half tonnes of weapons and stores, nearly double the Mark-1's capability. The first Mark-2 prototype will fly out in 2024. Deodhare says it's an aircraft in the class of the Rafale. The Mark-2 could well be the Tejas LCA's biggest test yet. ■

eva Fushi, September

LEISURE

JEHAN DARUVALA IN FULL GEAR PG 62

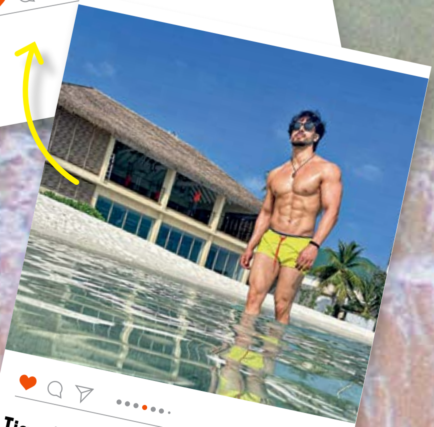
THE 2021 READING LIST PG 64

A CRICKET-CENTERED AUTOBIOGRAPHY PG 63

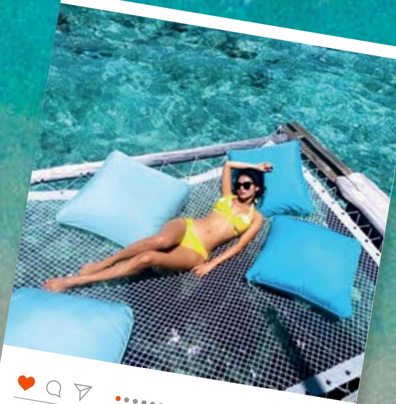
Q&A WITH KAJOL PG 66

BOLLYWOOD'S Maldives TAKEOVER

Insta-saturated getaways to desert-island resorts became all but compulsory for Bollywood's it boys and girls in the Great Pandemic

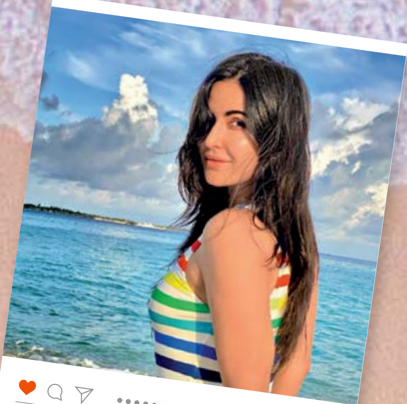


Tiger Shroff and Disha Patani
InterContinental Maldives, November

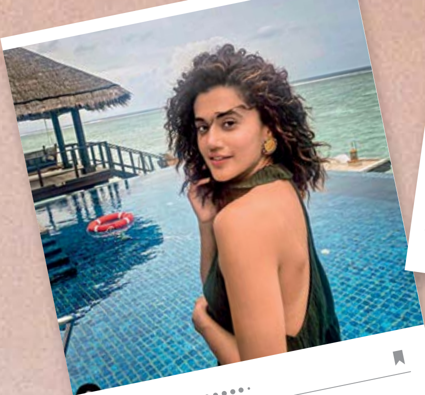


Mouni Roy
Soneva Fushi, September

Varun Dhawan
Soneva Fushi, October



Katrina Kaif
Soneva Fushi, November



Taapsee Pannu
Taj Exotica Resort & Spa, Maldives, October

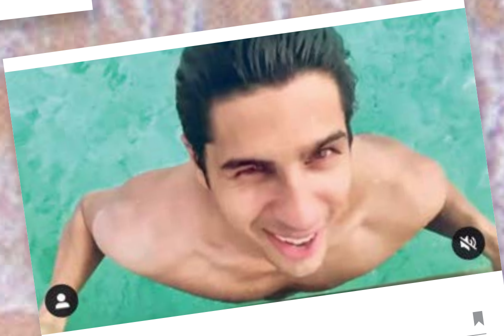
Sonakshi Sinha
Grand Park Kodhipparu, November

Tara Sutaria and boyfriend Aadar Jain
W Maldives, November

Rakul Preet Singh
LUX* South Ari Atoll, November

Masaba Gupta
Heritance Aarah, November

Samantha Akkineni
Joali, Raa Atoll, November



Sidharth Malhotra
Soneva Fushi, January

The remoteness of Maldivian resorts guarantees privacy and isolation especially valued in these times of Covid 19

Neha Dhupia and Angad Bedi
Mövenpick Kuredhivaru, Maldives, October

Vivek Oberoi and family
CROSSROADS Maldives | SAii Lagoon Maldives, November

TRAVEL

PACKING THE ITINERARY

When in the Maldives, do as Bollywood does

Fushi, September

Going by Instagram, the Maldives seemingly had Bollywood to thank for keeping its tourism afloat in a pandemic-wracked 2020. After being holed up in their houses for months, many film celebrities made a beeline for this nation of 130 island resorts. Actor Mouni Roy, who visited Soneva Fushi for a photo shoot in September, helped start the trend. Known for its luxurious villas and a technology-free zone called The Den, Soneva Fushi also saw Mandira Bedi check in around the same time. “I travelled 15 hours to get here! but oh my... how it was worth it,” said Bedi on Instagram. Many emojis followed.

The question is obvious—why Maldives, though? Actor Hina Khan, who visited in November, said in an interview to INDIA TODAY the month after, “Where else can one go?” The remoteness of Maldives’ resorts guarantees privacy and isolation, especially valued in these times of Covid-19. The enviable views are an added incentive. Maldives’ entry rules for Indian tourists are simple: carry a negative Covid test conducted 96 hours prior to arrival from an ICMR-approved laboratory and download the TraceEkee app (Maldives’ Aarogya Setu). Hotels then provide their guests the facility of Covid tests before checkout. Travellers thus save themselves the trouble of a long wait at airports and quarantine upon return.

A host of tour operators are offering lucrative packages which the actors have been happy to endorse through their social media feeds. One Above Holidays, which has an office in Mumbai, promotes the Maldives as a destination where “each island has its own ‘house reef’ which serves as a coral garden and natural aquarium for scuba divers and snorkelers”. Make Plans Holidays says it “fell in love with Maldives in 1984” and touts itself as a specialist in “curating bespoke luxury travel experiences”.

Meanwhile, Maldivian operators like Trans Maldivian Airways and Manta Air, which run a fleet of seaplanes that transport tourists from the airport in Malé to the island resorts, find mention in the Instagram posts of celebrities like Tiger Shroff, who visited the country with his rumoured girlfriend Disha Patani. Like Hina Khan, some travelled with their families (Rakul Preet Singh, Vivek Oberoi), a few for work (Katrina Kaif shot for a magazine) and one actor even went there to honeymoon (Kajal Aggarwal).

Environmentalists have warned that the archipelago, which is made up of 1,200 small coral islands, will be one of the first casualties of climate change as sea levels rise across the globe. But life, as Shah Rukh Khan once famously sang in *Kal Ho Naa Ho*, is all about living in the moment. Bollywood’s infatuation with the Maldives shows no signs of abating, and, so, the deluge of sun-kissed photos by pristine blue waters continues. Stars, after all, are just like us. The one difference is that they take breaks on coral islands. ■

–Suhani Singh

TOAST ON WATER ▶
When **Taapsee Pannu** wasn’t shooting the viral “Biggini Shoot” video with her sisters and boyfriend, Danish shuttler Mathias Boe, she had a floating breakfast, one of the key experiences offered by many resorts

BUNNY HOP ▶
For some reason, feeding rabbits is on the menu at Soneva Fushi. Both **Varun Dhawan** and **Katrina Kaif** ensured that the bunny got a slice of carrot

IN A FISH BOWL ▶
Celebrities avoid shots of private spaces but if your suite is underwater, then a photo is a must. **Kajal Aggarwal** and **husband Gautam Kitchlu** showed off the aquarium-like view afforded by The Muraka

DEEP DIVE ▶
Sonakshi Sinha became a licensed scuba diver with Oceanic World Maldives, a dive and water sports centre at Grand Park Kodhipparu

SPOT THE FIN ▶
Ananya Panday made time for a dolphin-watching cruise, a popular activity along with snorkelling and sandbank picnics at Sun Siyam Iru Veli

IN FULL GEAR

Race driver **Jehan Daruvala** is helping India get a foot in the F1 door

Race driver Jehan Daruvala saved the best for the last. In the final race of Formula 2's 2020 season, the 22-year-old Mumbaikar made history. He became the first Indian to win a race in the F2 competition, a stepping stone to Formula 1. Daruvala, many felt, was living up to his potential. In 2011, the erstwhile team, Force India, picked him for its One from a Billion Hunt programme, and it was around that time that Daruvala, then 13, moved to England to study and pursue racing professionally.

"My parents knew if I had to give it a proper shot, I had to leave," says Daruvala, who, as a kid, would travel to Kolhapur to train. "Unfortunately, there isn't much infrastructure for a young go-kart driver in India to pave his way into F1. That means you drive against people who are less competitive. You need to go and face the best." Having done just that for the past seven years, he has risen through the ranks, finishing third in F3 in 2019. His racing skills have even landed Daruvala a spot in Red Bull Racing's junior team. "It's not easy to get into F1. Even if you do well in F2, it doesn't always end up happening. You need some kind of backing or sponsor and the [Red Bull] programme is the perfect path," says the Red Bull athlete.

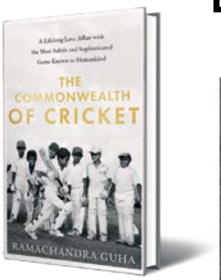
Daruvala and his Red Bull junior teammate, Yuki Tsunoda, made their F2 debut with team Carlin in a pandemic-marred season. The season was delayed, races were cancelled and their travel schedule cut short. "It was challenging, but the biggest challenge is for people who lose jobs and can't put food on the table," says Daruvala. "For us, it just made going to gym and being fit harder. At the end of the day, we got to do what we love."

Daruvala now has his work cut out. While Tsunoda finished third in the F2 championships, Daruvala was 12th among 22 drivers. The Japanese driver will compete in F1 this season while Daruvala will return to F2 and aim for a podium finish. His impressive driving in post-season testing in Bahrain suggests he's geared up. "If I do as well as I know I can, I can fight for the championship," he says. ■

–Suhani Singh

Red Bull
PIRELLI
P ZERO
2020

JEHAN DARUVALA celebrates his maiden Formula 2 win in Bahrain in December 2020



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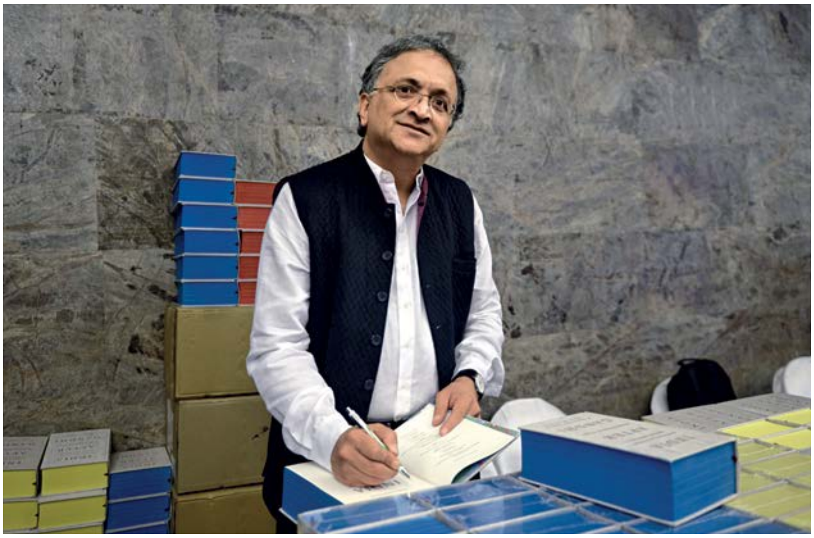


CHANDRADEEP KUMAR

Sixer of a Title

Having immersed himself in the game for a lifetime, **Ramachandra Guha** has the best cricket stories to tell

Ramachandra Guha has written a great many books. The early ones were on the environment, most of the later ones on Gandhi. Half a dozen are about his passion, cricket. This book is a cricket-centred autobiography.

Guha grew up in Dehradun, within walking distance of three cricket fields. He went to Doon School and then St Stephen's College in Delhi, where he played cricket. At 15, he got asthma; that ended his playing days. In his 20s, he concentrated on scholarship; then he began writing. He wrote his multi-volume biography of Gandhi. He watched cricket, met cricketers and talked to other cricket-lovers. That is what his book is about.

The book begins with Guha's early heroes—the Nawab of Pataudi, Farokh Engineer, Vijay Hazare etc—and then comes to Sachin Tendulkar, "one-stop shop of batsmanship". Then Guha crosses 50; the boring patriotism and parochialism of his youth wear off, and he begins to appreciate good play irrespective of the player's nationality.

> **Guha begins his cricket-centred autobiography with his early heroes, but in his later chapters, the parochialism of his youth wears off**

He has some superb stories. For instance, during a match in Bombay in 1966, Gary Sobers asked his partner Clive Lloyd to hurry up and start hitting. They scored a hundred in 75 minutes and won the match. When Lloyd thanked him for the advice, Sobers said it had nothing to do with the match: he had to rush to Mahalakshmi race course because he had good tips for the races at 4 and 4:30 pm. Nazar Mohammad, writes Guha, a cautious batsman, had to end his career in the 1950s because he jumped out of a window when he was with Noor Jehan, the actress, and her husband returned without notice.

Guha gives his version of the controversial events that made him famous—the Supreme Court's appointment of him as member of the Committee of Administrators (CoA) to replace the Board of Cricket Control for India in 2017, and his resignation. The contretemps goes back to a case filed by the Bihar Cricket Association in May 2013 against the BCCI for ignoring match-fixing and betting in the Indian Premier League matches. In January 2015, the matter reached the Supreme Court, which appointed the Lodha Committee to investigate. The BCCI sat on its report and did nothing. In January 2017, the Supreme Court removed the president and secretary and placed the BCCI under the CoA. It imposed a new constitution it framed on the BCCI, after which the CoA dissolved itself in October 2019. Guha found his fellow-members too tolerant of continuing improprieties in the BCCI, and resigned after five months—a pity, because the BCCI continues to be a treasure trove for non-cricketer opportunists. Now we must wait for another scandal and another court intervention, which may take another quarter century.

At the end of the book, Guha dwells on the loosening of loyalties: he has become less partisan between various cricket teams and match types. Let us hope he does not become neutral to cricket; another book of his on cricket is still worth looking forward to. ■

—Ashok Desai

FICTION

Coming up

The line-ups of publishers for 2021 are dominated by reliable names and cele

AMITAVA KUMAR
JHUMPA LAHIRI
SONAL KOHLI
TAVLEEN SINGH

The year 2020, everyone agrees, was a lousy one. Except, global lockdowns served, in very small part, as a reminder that reading is a means of escape, that the combination of a writer and your imagination can transport you to any place in any time and, unlike with film and television, there are no directors to superimpose their interpretations and their images over your own. This is not to say that publishers made out like bandits. One report, for instance, estimates that the global book-publishing industry declined by $7 billion (Rs 51.4 thousand crore) from 2019 and that it will take until 2023 for the market to return to roughly the position it was in four years ago. But book sales were resilient—as digital alternatives multiply—even though Covid has meant droves of independent bookshops are falling by the wayside and newspaper and magazine publishers have been devastated.

While bookshops will long for the vaccine to hasten us back to the old normal, for the publishers it has been business as usual, their extensive line-ups for 2021 dominated by reliable best-selling names and celebrities, while far below these peaks, somewhere in the foothills, lurks that vanishingly rare species—the debut literary novelist. In India, the titles that excite the most conversation, the most controversy, tend to be non-fiction. Audrey Truschke, a professor of South Asian history at Rutgers University in New Jersey, is the bete noire of the Hindutva hordes on social media who took particular exception to her (not entirely successful) attempt in 2017 to reconsider, if not rehabilitate, the reputation of Aurangzeb. Her latest book, *The Language of History: Sanskrit Narratives of Muslim Pasts*, examines Sanskrit texts that describe and comment on hundreds of years of Muslim rule over parts of India and eventually the growth of a syncretic culture. The book has been publicised as, in part, a contribution to the current charged national conversation in which "nationalist claims are often grounded on fabricated visions of India's premodernity".

This year, several books will weigh in on the ideological direction being taken by India, under the leadership of Prime Minister Narendra Modi. In *Jana Gana Mana*, anticipated in August, the Carnatic singer and writer T.M. Krishna considers what we mean when we use the word 'patriotism'. George Bernard Shaw famously described patriotism as the "last refuge of scoundrels", but during the protests over the Citizenship (Amendment Act), Krishna noticed an attempt to reclaim patriotism from the Hindutva right wing, a patriotism that adhered to the ideals represented by India's Constitution, its flag and its national anthem. Malavika Prasad, a legal scholar, shares Krishna's publisher, Westland, and her *Who Is A Citizen* could be read as a companion to *Jana Gana Mana*. Prasad's book is a study of India's citizenship laws, up to the CAA, a look at how we conceive of citizenship and how these notions have evolved.

Also with an eye on India's ideological direction, Subramanian Swamy's new book, anticipated later this year, is titled *Ayodhya and Beyond*, an acknowledgement, perhaps, that the battle to build the Ram temple, the ideological impetus for Hindutva and the rise of the BJP, has already been won and that new fronts will have to be established. His BJP colleague Jay

• • •

brities, with a few debut literary novelists thrown in for good measure

Panda is putting together the prosaically-titled *India Today, India Tomorrow* which promises to give voice to the “very people holding the reins to the future”. Meanwhile, another Rupa stablemate of Swamy and Panda asks plainly in his title, “Where is my nation headed?”

Some diviners of the future are focused on economics rather than politics and ideology, with Sanjaya Baru—whose *Accidental Prime Minister* sealed an impression the public had already formed of Manmohan Singh as being ridden over roughshod by his own party—making a case for India’s economic revival after the ravages of Covid. Coming from the opposite spectrum, economist Jayati Ghosh argues that decisions taken by the Modi government in the wake of Covid are *The Making of a Catastrophe*.

In India, the titles that excite the most conversation, the most controversy, tend to be non-fiction

As straitjacketed as Manmohan Singh supposedly was by his party, Modi is portrayed as bigger than his party. Veteran journalist Neerja Chowdhury’s next book, published by Aleph, turns hundreds of hours of interviews with Indian prime ministers into an informed analysis of how decisions are made at the highest level of government. It is unclear whether Chowdhury has spoken to Modi for her book. Christophe Jaffrelot and Pratinav Anil have titled their book on the Emergency, expected this month, *India’s First Dictatorship*. Does this imply that there has been a second, or that we are now living through another period of autocracy?

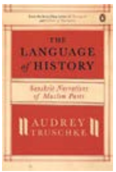
Away from non-fiction though, the pickings in India are slim. Publishers’ lists are teeming over with commercial fiction but little that presents readers with a literary challenge, new fiction that experiments with language, that attempts an artist’s representation of who we are and the times in which we live. Amitava Kumar, an increasingly acclaimed writer and professor at Vassar, is publishing a new novel that deals, in part, with fake news and ideas of truth and fiction. Intriguingly, Tavleen Singh, the well-known journalist, is publishing her first novel later this year, stepping into territory previously occupied by her son, Aatish Taseer. Sonal Kohli too makes her debut with *The House Next to the Factory*. Kohli studied writing at the University of East Anglia, alma mater to such writers as Kazuo Ishiguro, Ian McEwan, Anne Enright and Neel Mukherjee, among many others. Speaking of Nobel laureate Ishiguro, his new novel, *Klara and the Sun*, is expected in March, while Jhumpa Lahiri’s *Whereabouts*, out in April, was written first in Italian and translated by her into English.

Finally, a brief return to non-fiction titles. The Oxford academic Amia Srinivasan’s *The Right to Sex* takes on rape culture, sex and race and male entitlement, an extension of her brilliant essay in the *London Review of Books*. Sonora Jha, a professor of journalism in Seattle, also deals extensively with male entitlement in the forthcoming *How to Raise a Feminist Son*, as does Prachi Gangawanit in *Dear Men: Masculinity and Modern Love in 21st Century India*. Non-fiction addresses our most urgent, vital cultural, social and political questions; it’s time for fiction, though, to reassert itself in these areas. ■

–Shougat Dasgupta

NON-FICTION

THE LANGUAGE OF HISTORY by *Audrey Truschke*



BEYOND COVID’S SHADOW by *Sanjaya Baru*

AMIA SRINIVASAN

JAY PANDA

JAYATI GHOSH

SUBRAMANIAN SWAMY

T.M. KRISHNA

WOMEN LIKE US

Kajol grew up surrounded by strong-willed women. In *Tribhanga*, a film now playing on Netflix, the actor finds herself back in a familiar milieu

Photograph by MANDARDEODHAR

Q ***Tribhanga: Tedhi Medhi Crazy* is an inter-generational family drama with assertive women at the helm. You know what it's like to grow up in the presence of such women. Tell us about it.**
When people ask me who you idolise, I say it's my great grandmother (Rattan Bai), grandmother (Shobhana Samarth) and mother (Tanuja). It was amazing growing up amid such strong, innately secure ladies. Way back, they were following the crux of feminism—to have the choice to be able to do whatever we want. I talk about them to my kids so that they understand their legacy.

Q The film looks at how a woman is judged for having ambition, especially if it goes beyond the realm of family...
It is more about who is a "good woman". The minute she has a thought of her own or wants to follow her dreams, she isn't perfect anymore. If she smokes and drinks, she is a vamp. You don't have such standards for men. The film tells women not to judge each other.

Q Given the year that just passed, do you think the lines between OTT and theatre have blurred?
Definitely. With the pandemic and the subsequent situation with theatres [closed for eight months], we, as an industry, are really struggling. I am really hoping that in the next six months we can come back to theatres safely and responsibly. I hope both [mediums] can co-exist.

Q What did you end up doing in 2020?
Since last year, I have been playing the toughest role of my life, that of a parent who sits over her nine-year-old son's shoulders and ensures he attends his online classes.

–with Suhani Singh

INDIA TODAY

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9:41

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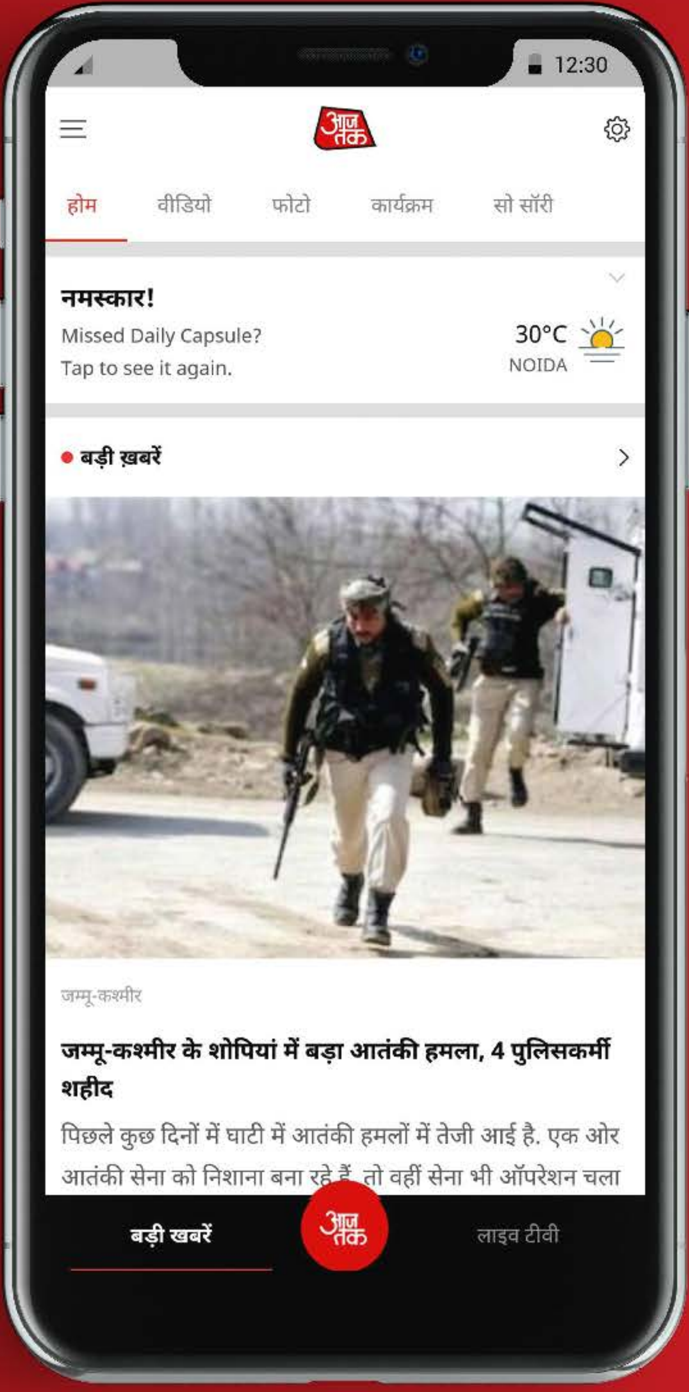
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पिछले कुछ दिनों में घाटी में आतंकी हमलों में तेजी आई है. एक ओर आतंकी सेना को निशाना बना रहे हैं, तो वहीं सेना भी ऑपरेशन चला